

News Release

Increase in the flat rate meal expense deduction for employees in the transportation sector

Ottawa, October 26, 2006... The Canada Revenue Agency has increased the flat rates that some employees in the transportation sector can use to calculate meal-expense deductions on their tax returns.

Effective with their 2006 tax returns, qualifying transport employees can use the flat rate of \$17 per meal up to a maximum of \$51 a day when claiming meal deductions. Transport employees travelling and incurring meal expenses in the United States may now use the rate of US\$17 per meal up to a maximum of US\$51 a day, converted to Canadian dollars.

The flat rates for meal expenses claimed for tax years 2003 to 2005 remain at \$15 per meal to a maximum of \$45 per day. A flat rate of \$11 per meal to a maximum of \$33 applies to any deductions claimed for tax years prior to 2003.

The *Income Tax Act* allows meal expenses to be deducted from income by certain railway employees and individuals employed in the transportation of goods, passengers, or both. Employees can only claim meal expenses if they are not reimbursed for any part of the amounts claimed.

The simplified method using flat rates per meal is offered as a convenience to transport employees such as long distance truckers and bus drivers so that they do not have to keep receipts for meals. The employee must still maintain a log of their trips to verify that they were eligible to claim meal expenses. The increase in the flat rates for the 2006 tax year reflects increases in the cost of restaurant meals since the rates were last adjusted in 2003.

Transport employees always have the option of keeping receipts and claiming actual meal expenses if they choose. The *Income Tax Act* allows a deduction of 50% of either the flat rate or actual costs for eligible meals.

For more details, see **IC73-21R9, Claims for Meals and Lodging Expenses of Transport Employees**.

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