



## Step 2 – Operating cost benefit

Complete this step if you provide an automobile to your employee and pay for the operating expenses related to personal use.

However, you **do not** have to calculate an operating cost benefit when the employee reimburses you for all operating expenses attributable to personal use **no later than 45 days after the end of the year**. Continue to Step 3.

### Basic calculation

Complete this calculation if both of the following conditions apply:

- the employee does not reimburse or only partially reimburses you for operating expenses attributable to personal use no later than 45 days after the end of the year; and
- the employee did not elect to use the optional calculation; and
  - the employee's principal source of employment is selling or leasing automobiles

or

Personal kilometres driven \_\_\_\_\_ x 19¢ = \$ \_\_\_\_\_ 6  
(see Note)

– the employee occupies any other employment

Personal kilometres driven \_\_\_\_\_ x 22¢ = \$ \_\_\_\_\_ 7  
(see Note)

#### Note

For the 2007 rates, see [www.cra.gc.ca/payroll](http://www.cra.gc.ca/payroll) and click on "What's new".

See Operating cost benefit (net) below

**OR**

### Optional calculation (This calculation may not be beneficial in all cases.)

You can complete this calculation if both of the following conditions apply:

- the employee uses the automobile more than 50% in the course of their office or employment; and
- the employee requests (in writing before the end of the year) that you use this method.

Standby charge amount                      Employee reimbursements  
A or B    attributable to standby charge

( \$ \_\_\_\_\_ ) + \$ \_\_\_\_\_ ) x 50% = \$ \_\_\_\_\_ 8

See Operating cost benefit (net) below

### Operating cost benefit (net)

Enter the amount from line 6, 7, or 8 above .....	\$ _____	9
Enter the employee reimbursements for the operating cost benefit made no later than 45 days after the end of the year .....	\$ _____	10
Line 9 minus line 10.		
<b>Operating cost benefit (net)</b> If negative, enter "0" .....	\$ _____	<b>C</b>

## Step 3 – Total automobile taxable benefit

Enter the total amount of **A + C** or **B + C**.

This amount is the employee taxable benefit you report in box 14 "Employment income" and in the "Other information" area under code 34 of the T4 or, if applicable, in box 28 of the T4A .....

\$

### Information for employers who use this worksheet for withholding purposes

Prorate the total automobile taxable benefit amount to the employee's pay periods for 2007. Add the resulting amount to the employee's salary and any other benefits or allowances to determine the total amount subject to Canada Pension Plan (CPP) or Quebec Pension Plan (QPP) contributions and income tax. The motor vehicle benefit is not insurable and therefore not subject to Employment Insurance (EI) premiums.

For more information about calculating deductions, visit our web site at [www.cra.gc.ca/payroll](http://www.cra.gc.ca/payroll) or see the *Payroll Deductions and Remittances* guide (T4001).

You may need to remit goods and services tax (GST) or harmonized sales tax (HST) on the calculated benefit. For information, see Chapter 5 of the *Taxable Benefits* guide (T4130).