Canada Revenue Agency | Agence du revenu du Canada

Employment Expenses

Includes forms T777, TL2, T2200, and GST370

2011

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Canada

Before you start

Is this guide for you?

If you are an **employee** and your employer requires you to pay expenses to earn your employment income, you can use this guide. It will help you calculate the expenses you can deduct. It also gives you all the information you need to claim the employee goods and services tax/harmonized sales tax (GST/HST) rebate. For details, see Chapter 10 which begins on page 23.

You deduct most of your allowable employment expenses on line 229 of your income tax and benefit return. If you did not receive a General package in the mail, you can get a package beginning in February for the province or territory where you resided on December 31, 2011, from any postal outlet in that province or territory.

If you are **self-employed**, see Guide T4002, *Business and Professional Income*, for more information.

Forms included in this guide

Form T777, *Statement of Employment Expenses*
Use Form T777 to calculate your allowable employment expenses. Include Form T777 with your return.

Form TL2, *Claim for Meals and Lodging Expenses*s
Form TL2 is used by transport employees, such as employees of airline, railway, bus, or trucking companies, as well as other transport employees who satisfy the conditions listed in the section called "Travelling expenses" in Chapter 3 which begins on page 8. Your employer has to sign the form. Most transport employees will complete Form TL2. You do not have to include this form with your return, but keep it in case we ask to see it.

Form T2200, *Declaration of Conditions of Employment*
If you are deducting employment expenses, your employer will have to complete and sign Form T2200. If you have more than one employer, ask each employer to complete and sign a form. You do not have to include this form with your return, but keep it in case we ask to see it.

Form GST370, ***Employee and Partner GST/HST Rebate Application***
If you are an employee of a GST/HST registrant and you are deducting expenses from your employment income on your return, you may be able to claim a rebate of the GST/HST you paid on these expenses. To claim the rebate, you must complete Form GST370. Include Form GST370 with your return. For information on how to complete this form, see page 25.

What's new for 2011?

Meal expenses of long-haul truck drivers – Meal and beverage expenses of long-haul truck drivers are deductible at a higher rate than the 50% permitted for other transportation employees. During eligible travel periods in 2011 and future years, meal and beverage expenses incurred are deductible at a rate of **80%**. For more information, see Chapter 4, which begins on page 10.

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La version française de cette publication est intitulée *Dépenses d'emploi*.

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Chapter 1 – Keeping records

You have to keep records for each year you claim expenses. These records must include **all** of the following:

- a daily record of your expenses, together with your receipts and any cancelled cheques;
- any ticket stubs for travel;
- invoices;
- any monthly credit card statements**;** and
- a record of each motor vehicle you used for employment. This record must show both the total kilometres you drove and the kilometres you drove for employment purposes in the year.

Your receipts for the purchase of merchandise or services have to show the following:

- the date you made the purchase;
- the name and address of the seller or supplier;
- your name and address; and
- a full description of the goods or services you bought.

Keep a record of the motor vehicles or musical instruments you bought and sold because you may be able to claim capital cost allowance. This record has to show who sold you the motor vehicle or musical instrument, the cost, and the date you bought it.

If you sell or trade a motor vehicle or musical instrument, show the date you sold or traded it on your bill of sale. Also, show the amount you received from the sale or trade-in.

Do not send your records or receipts with your return, but keep them in case we ask to see them. If you do not keep the necessary information, we may reduce your claim.

Generally, you have to keep your records (whether paper or electronic) for at least **six years** from the end of the tax year to which they apply. If you want to destroy your records before the six-year period is over, you must first get written permission from the Director of your tax services office. To do this, either use Form T137, *Request for Destruction of Records*, or make your own written request. For more information, see Information Circular IC78-10, *Books and Records Retention/Destruction*. You can find the address of your tax services office on our Web page at **www.cra.gc.ca/tso** or by calling us at **1-800-959-8281**.

Chapter 2 – Employees earning commission income

This chapter describes the expenses you can deduct if you earn commission income. If you earn a salary, see Chapter 3 which begins on page 8.

Employees who sell goods or negotiate contracts for an employer can deduct some of the amounts they paid to earn commission income.

However, except for interest and capital cost allowance (CCA) on your vehicle, the total of the expenses you can deduct cannot be more than the commissions or similar amounts you received in the year.

If your total commission expenses (except interest and CCA on your vehicle) are more than the commissions or similar amounts you received, there is another method you can use to claim expenses. Using this method might be to your advantage because it allows you to claim your expenses as a salaried employee instead of as a commission employee. If you deduct expenses this way, your claim is not limited to the commissions you received in the year. If you choose this method, you would claim only travelling expenses (food and lodging), motor vehicle expenses (including interest and CCA on your vehicle), and certain other expenses if applicable, such as the cost of supplies or office rent. However, to do so, you have to meet the same conditions that a salaried employee must meet for claiming travelling expenses and motor vehicle expenses. We discuss these conditions on page 8.

Example
Andrew works for a company that sells video equipment and meets the employment conditions listed on the following page. During 2011, he recorded the following information:

Salary received	$	25,000
Commissions received		5,000
Total employment income	$	30,000
Expenses:		
Advertising and promotion	$	1,000
Travelling expenses		6,000
Capital cost allowance		1,500
Interest on car loan		500
Total expenses	$	9,000

Andrew's total expenses of $9,000 are more than his commissions of $5,000. Therefore, his claim for expenses is limited to $5,000 plus the CCA of $1,500 and interest of $500, for a total claim of $7,000. However, he could choose to claim expenses as a salaried employee, in which case he could claim the travelling expenses of $6,000, but not the advertising and promotion expenses. Using this method, Andrew also claims the CCA of $1,500 and interest of $500, for a total claim of $8,000.

Employment conditions

To deduct the expenses you paid to earn commission income, you have to meet **all** of the following conditions:

- Under your contract of employment, you had to pay your own expenses.
- You were normally required to work away from your employer's place of business.
- You were paid in whole or in part by commissions or similar amounts. These payments were based on the volume of sales made or the contracts negotiated.
- You did not receive a non-taxable allowance for travelling expenses. Generally, an allowance is non-taxable as long as it is a reasonable amount. For example, an allowance for the use of a motor vehicle is usually non-taxable when it is based solely on a reasonable per-kilometre rate.
- You keep with your records a copy of Form T2200, *Declaration of Conditions of Employment*, which has been completed and signed by your employer.

For more information, see Interpretation Bulletin IT-522, *Vehicle, Travel and Sales Expenses of Employees*.

Deductible expenses

This guide includes Form T777, *Statement of Employment Expenses*. Use it to calculate your total employment expenses. Once you calculate the employment expenses you can deduct, enter the amount on line 229 of your return. Include Form T777 with your return.

Your employment expenses include any GST and provincial sales tax, or HST, you paid on these expenses. You may be able to get a rebate of the GST/HST you paid. We discuss this rebate in Chapter 10 which begins on page 23.

The following describes the types of deductible expenses in the order they appear on Form T777.

Accounting and legal fees

You can deduct reasonable accounting fees you paid for help to prepare and file your income tax and benefit return. You can deduct legal fees you paid in the year to collect or establish a right to collect salary or wages.

Under proposed changes, you can also deduct legal fees you paid in the year to collect or establish a right to collect other amounts that must be reported in employment income even if they are not directly paid by your employer.

However, you must reduce your claim by any amount awarded to you for those fees or any reimbursement you received for your legal expenses. You do not have to meet the conditions listed in the section above called "Employment conditions" to deduct legal fees.

For more information, see Interpretation Bulletin IT-99, *Legal and Accounting Fees*.

Advertising and promotion

You can deduct expenses for advertising and promotion, including amounts you paid for business cards, promotional gifts, and advertisements.

Allowable motor vehicle expenses (including capital cost allowance)

We explain motor vehicle expenses on page 17, and capital cost allowance on page 20.

Food, beverages, and entertainment expenses

Food and beverages – You can deduct food and beverage expenses as long as your employer requires you to be away for at least 12 consecutive hours. To qualify, you must be away from the municipality and the metropolitan area (if there is one) of your employer's location where you normally report for work. These amounts are subject to the 50% limit discussed below in the section called "Entertainment expenses."

The 50% limit also applies to the cost of food, beverages, and entertainment you paid for when you travelled on an airplane, train, or bus, as long as the ticket price did not include such amounts.

For more information, see Interpretation Bulletin IT-518, *Food, Beverages and Entertainment Expenses*.

Entertainment expenses – You can deduct part of the cost of entertaining clients. Expenses you can deduct include those for food, beverages, tickets, and entrance fees to entertainment or sporting events. You can also deduct tips, cover charges, room rentals to provide entertainment, such as hospitality suites, and the cost of private boxes at sports facilities.

The most you can deduct is 50% of the **lesser** of:

- the amount you paid; and
- an amount that is reasonable in the circumstances.

For more information, see Interpretation Bulletin IT-518.

Lodging

You can deduct lodging expenses if your work conditions require you to travel away from your employer's place of business and you pay your own lodging expenses.

Parking

You can deduct parking costs related to earning your commission income. Generally, you cannot deduct the cost of parking at your employer's office, such as monthly or daily parking fees. These are personal costs.

Do not include parking costs as part of your allowable motor vehicle expenses. Enter them on the "Parking" line on Form T777.

Supplies

You can deduct the cost of supplies that you paid for (or that were paid for you and included in your income). Supplies are only those materials you use directly in your work, and for no other purpose.

Supplies include items such as stationery items, stamps, toner, ink cartridges, street maps, and directories. Supplies do **not** include items such as briefcases or calculators.

You can deduct expenses you paid for long-distance telephone calls that reasonably relate to the earning of commission income. However, you cannot deduct the monthly basic rate for your home telephone.

You cannot deduct the cost of special clothing you wear or have to wear for your work. You cannot deduct the cost of any tools that are considered to be equipment. However, if you are a tradesperson (including an apprentice mechanic) as described in Chapter 7 which begins on page 14, you may be able to deduct the cost of eligible tools you bought to earn employment income as a tradesperson.

For more information, see Interpretation Bulletin IT-352, *Employee's Expenses, Including Work Space in Home Expenses*.

Other expenses

Licences – Deduct annual licence fees if you must have a licence to do your work. For example, real estate and insurance salespeople can deduct the cost of their annual licences.

Bonding premiums – You can deduct payments for bonding and liability insurance premiums.

Medical underwriting fees – You can deduct expenses you paid for items such as X-rays and heart diagrams related to underwriting your customers' risks.

Computers and other equipment – If you **lease** computers, cell phones, fax machines, or other equipment, you can deduct the part of the lease cost that reasonably relates to earning your commission income.

You can also deduct the part of airtime expenses for a cell phone that reasonably relates to earning your commission income. However, you cannot deduct amounts you paid to connect or license the cell phone.

If you **buy** a computer, cell phone, fax machine, or other such equipment, you cannot deduct the cost. Also, you cannot deduct capital cost allowance or interest you paid on money you borrowed to buy this equipment.

Salaries – You can deduct the salary you paid (or that was paid for you and included in your income) to your substitute or assistant.

You may have to withhold income tax, Canada Pension Plan (CPP) or Quebec Pension Plan (QPP) contributions, and Employment Insurance (EI) and Provincial Parental Insurance Plan (PPIP) premiums from the salary you paid. Report on a T4 slip, the salary and amounts you withheld. For more information, see **www.cra.gc.ca/slips**, or Guide RC4120, *Employers' Guide – Filing the T4 Slip and Summary*.

As the employer, you can also deduct as an expense your share of the CPP or QPP contributions and the EI and PPIP premiums.

Office rent – You can deduct office rent you paid (or that was paid for you and included in your income) to earn your commission income. Do not confuse office rent with work-space-in-the-home expenses, which we explain later on this page.

Training costs – You can deduct the cost of a training course as an employment expense. The course has to maintain, upgrade, or update your existing skills or qualifications that relate to your employment.

You cannot deduct the cost of a training course as an employment expense if the course is for personal reasons, the cost is unreasonable, or you receive a lasting benefit from the course. For example, you receive a lasting benefit when you take a course to get a credit towards a degree, diploma, professional qualification, or similar certificate.

For more information and additional examples, see Interpretation Bulletin IT-357, *Expenses of training*.

If you cannot deduct the cost of a training course as an employment expense, you can claim it as a tuition amount as long as you meet the conditions described in Pamphlet P105, *Students and Income Tax*.

Travel fare – You can deduct the full amount you paid for travel fare, such as your airline, bus, or train ticket, as long as you paid it only to earn commission income.

Work-space-in-the-home expenses

You can deduct expenses you paid in 2011 for the employment use of a work space in your home, as long as you meet **one** of the following conditions:

- The work space is where you mainly (more than 50% of the time) do your work.
- You use the work space only to earn your employment income. You also have to use it on a regular and continuous basis for meeting clients or customers.

Keep with your records a copy of Form T2200, *Declaration of Conditions of Employment* that has been completed and signed by your employer.

You can deduct the part of your costs that relates to your work space, such as the cost of electricity, heating, maintenance, property taxes, and home insurance. However, you **cannot** deduct mortgage interest or capital cost allowance.

To calculate the percentage of work-space-in-the-home expenses you can deduct, use a reasonable basis, such as the area of the work space divided by the total area. For maintenance costs, it may not be appropriate to use a percentage of these costs. For example, if the expenses you paid (such as cleaning materials or paint) were to maintain a part of the house that was not used as a work space, then you cannot deduct any part of them. Alternatively, if the expenses you paid were to maintain the work space **only**, then you may be able to deduct all or most of them.

If your office space is in a rented house or apartment where you live, deduct the percentage of the rent and any maintenance costs you paid that relate to the work space.

The amount you can deduct for work-space-in-the-home expenses is limited to the amount of employment income remaining after all other employment expenses have been deducted. This means that you cannot use work space expenses to create or increase a loss from employment.

You can only deduct work space expenses from the income to which the expenses relate, and not from any other income.

If you cannot deduct all your work space expenses in the year, you can carry forward the expenses. You can deduct these expenses in the following year as long as you are reporting income from the same employer. However, you cannot increase or create a loss from employment by carrying forward work space expenses.

For more information, see Interpretation Bulletin IT-352, *Employee's Expenses, Including Work Space in Home Expenses*.

Chapter 3 – Employees earning a salary

This chapter describes the expenses you can deduct if you earn a salary. If you earn commission income, see Chapter 2 which begins on page 5.

Deductible expenses

This guide includes Form T777, *Statement of Employment Expenses*. Use it to calculate your total employment expenses. Once you calculate the employment expenses you can deduct, enter the amount on line 229 of your return. Include Form T777 with your return.

Your employment expenses include any GST and provincial sales tax, or HST, you paid on these expenses. You may be able to get a rebate of the GST/HST you paid. We discuss this rebate in Chapter 10 which begins on page 23.

The following describes the types of deductible expenses in the order they appear on Form T777.

Accounting and legal fees

You can deduct any legal fees you paid in the year to collect or establish a right to collect salary or wages.

Under proposed changes, you can also deduct legal fees you paid in the year to collect or establish a right to collect other amounts that must be reported in employment income even if they are not directly paid by your employer. However, you must reduce your claim by any amount awarded to you for those fees or any reimbursement you received for your legal expenses.

In some cases, you may also be able to deduct certain accounting fees. For more information, see Interpretation Bulletin IT-99, *Legal and Accounting Fees*.

Allowable motor vehicle expenses (including capital cost allowance)

You can deduct your motor vehicle expenses if you meet **all** of the following conditions:

- You were normally required to work away from your employer's place of business or in different places.
- Under your contract of employment, you had to pay your own motor vehicle expenses.
- You did not receive a non-taxable allowance for motor vehicle expenses. Generally, an allowance is non-taxable when it is based solely on a reasonable per-kilometre rate.
- You keep with your records a copy of Form T2200, *Declaration of Conditions of Employment*, which has been completed and signed by your employer.

Sometimes, your employer will include an unreasonably low allowance as income on your T4 slip even though you do not want to claim any expenses. When this happens, have your employer complete and sign Form T2200, or get a letter from your employer stating that the allowance was unreasonably low. On line 229, deduct as an expense an amount equal to the allowance.

For more information, see Interpretation Bulletin IT-522, *Vehicle, Travel and Sales Expenses of Employees*.

We explain motor vehicle expenses on page 17, and capital cost allowance on page 20.

Travelling expenses

Travelling expenses include food, beverage, and lodging expenses but not motor vehicle expenses. You can deduct travelling expenses as long as you meet **all** of the following conditions:

- You were normally required to work away from your employer's place of business or in different places.
- Under your contract of employment, you had to pay your own travelling expenses.
- You did not receive a non-taxable allowance for travelling expenses. Generally, an allowance is non-taxable as long as it is a reasonable amount.
- You keep with your records a copy of Form T2200, *Declaration of Conditions of Employment*, which has been completed and signed by your employer.

You can deduct food and beverage expenses if your employer requires you to be away for at least 12 consecutive hours from the municipality and the metropolitan area (if there is one) of your employer's location where you normally report for work. The most you can deduct for food and beverage expenses is 50% of the **lesser** of:

- the amount you actually paid; and
- an amount that is reasonable in the circumstances.

The 50% limit also applies to the cost of food and beverages you paid for when you travelled on an airplane, train, or bus, as long as the ticket price did not include such amounts.

If you are a **transportation employee** claiming a deduction for meals and lodging (including showers), see Chapter 4, which begins on page 10.

For more information about travelling expenses, see Interpretation Bulletin IT-522, *Vehicle, Travel and Sales Expenses of Employees*, and Interpretation Bulletin IT-518, *Food, Beverages and Entertainment Expenses*.

Parking

You **can** deduct parking costs related to earning your employment income as long as you meet all the conditions listed in the section called "Allowable motor vehicle expenses (including capital cost allowance)" on page 8. Generally however, you cannot deduct the cost of parking at your employer's office, such as monthly or daily parking fees. These are personal costs.

Do **not** include parking costs as part of your allowable motor vehicle expenses. Enter them on the "Parking" line on Form T777.

Supplies

You can deduct the cost of supplies you paid for (or that were paid for you and included in your income) if you meet **all** of the following conditions:

- Under your contract of employment, you had to provide and pay for the supplies.
- You used the supplies directly in your work.
- Your employer has not repaid and will not repay you for these expenses.
- You keep with your records a copy of Form T2200, *Declaration of Conditions of Employment*, which has been completed and signed by your employer.

Supplies are only those materials you use directly in your work, and for no other purpose.

Supplies include items such as stationery items, stamps, toner, ink cartridges, street maps, and directories. Supplies do **not** include items such as briefcases or calculators.

You can deduct expenses you paid for long-distance telephone calls, as long as you paid them to earn employment income. However, you cannot deduct the monthly basic rate for a telephone.

You can also deduct the part of the airtime expenses for a cell phone that reasonably relates to earning your employment income. However, you cannot deduct amounts you paid to connect or license the cell phone or the cost of fees for Internet service.

If you buy or lease a cell phone, fax machine, computer, or other such equipment, you cannot deduct the cost. Also, you cannot deduct capital cost allowance or interest you paid on money borrowed to buy this equipment.

You **cannot** deduct the cost of special clothing you wear or have to wear for your work. Also, you cannot deduct the cost of any tools that are considered to be equipment. However, if you are a tradesperson (including an apprentice mechanic) as described in Chapter 7 which begins on page 14, you may be able to deduct the cost of eligible tools you bought to earn employment income as a tradesperson.

For more information, see Interpretation Bulletin IT-352, *Employee's Expenses, Including Work Space in Home Expenses*.

Other expenses

Salaries – You can deduct the salary you paid (or that was paid for you and included in your income) to your substitute or assistant if you meet **all** of the following conditions:

- Under your contract of employment, you had to pay for extra help.
- Your employer has not repaid and will not repay you for these expenses.
- You keep with your records a copy of Form T2200, *Declaration of Conditions of Employment*, which has been completed and signed by your employer.

You may have to withhold income tax, Canada Pension Plan (CPP) or Quebec Pension Plan (QPP) contributions, Employment Insurance (EI), and Provincial Parental Insurance Plan (PPIP) premiums from the salary you paid. Report on a T4 slip, the salary and amounts you withheld. For more information, go to **www.cra.gc.ca/slips** or see Guide RC4120, *Employers' Guide – Filing the T4 Slip and Summary*.

As the employer, you can also deduct as an expense your share of the CPP or QPP contributions and the EI and PPIP premiums.

Office rent – You can deduct office rent you paid (or that was paid for you and included in your income) if you paid it to earn your employment income. Also, you must meet **all** of the following conditions:

- Under your contract of employment, you had to rent an office and pay the expenses.
- Your employer has not repaid and will not repay you for these expenses.
- You keep with your records a copy of Form T2200, *Declaration of Conditions of Employment* that has been completed and signed by your employer.

Do not confuse office rent with work-space-in-the-home expenses, which we discuss below.

Work-space-in-the-home expenses

You can deduct expenses you paid in 2011 for the employment use of a work space in your home, as long as you had to pay for them under your contract of employment. These expenses must be used directly in your work and your employer has not reimbursed and will not reimburse you. Also, you must meet **one** of the following conditions:

- The work space is where you mainly (more than 50% of the time) do your work.
- You use the work space only to earn your employment income. You also have to use it on a regular and continuous basis for meeting clients or customers.

Keep with your records a copy of Form T2200, *Declaration of Conditions of Employment*, which has been completed and signed by your employer.

You can deduct the part of your costs that relates to your work space, such as the cost of electricity, heating, and maintenance. However, you **cannot** deduct mortgage interest, property taxes, home insurance, or capital cost allowance.

To calculate the percentage of work-space-in-the-home expenses you can deduct, use a reasonable basis, such as the area of the work space divided by the total area. For maintenance costs, it may not be appropriate to use a percentage of these costs. For example, if the expenses you paid (such as cleaning materials or paint) were to maintain a part of the house that was not used as a work space, then you cannot deduct any part of them. Alternatively, if the expenses you paid were to maintain the work space **only**, then you may be able to deduct all or most of them.

If your office space is in a rented house or apartment where you live, deduct the percentage of the rent as well as any maintenance costs you paid that relate to the work space.

The amount you can deduct for work-space-in-the-home expenses is limited to the amount of employment income remaining after all other employment expenses have been deducted. This means that you cannot use work space expenses to create or increase a loss from employment.

You can only deduct work space expenses from the income to which the expenses relate, and not from any other income.

If you cannot deduct all your work space expenses in the year, you can carry forward the expenses. You can deduct these expenses in the following year as long as you are reporting income from the same employer. However, you cannot increase or create a loss from employment by carrying forward work space expenses.

For more information, see Interpretation Bulletin IT-352, *Employee's Expenses, Including Work Space in Home Expenses*.

Chapter 4 – Transportation employees

You may be able to claim the cost of meals and lodging (including showers) if you are an employee of a transport business, a railway employee, or other transport employee. This cost includes any GST and provincial sales tax, or HST, you paid on these expenses. You may be able to get a rebate of the GST/HST you paid. We discuss the GST/HST rebate in Chapter 10, which begins on page 23.

Employees of a transport business

You can claim the cost of meals and lodging if you meet **all** of the following conditions:

- You work for an airline, railway, bus, or trucking company, or for any other employer whose main business is transporting goods, passengers, or both.
- You travel in vehicles your employer uses to transport goods or passengers.
- You **regularly** have to travel away from the municipality and the metropolitan area (if there is one) where your employer's relevant establishment (home terminal) is located.
- You **regularly** incur meal and lodging expenses while away from the municipality and the metropolitan area (if there is one) where your employer's relevant establishment (home terminal) is located. This means that you must generally be away from home overnight to do your job.

You must reduce your claim for meal and lodging expenses by any non-taxable allowance or reimbursement you received or are entitled to receive from your employer.

For information on meal allowances and subsidized meals, see Information Circular IC73-21, *Claims for Meals and Lodging Expenses of Transport Employees*.

Railway employees

You can also claim the cost of meals and lodging when you meet **one** of the following conditions:

- You work away from home for a railway company as a telegrapher or station agent in a relief capacity, or carry out maintenance and repair work for the railway company.
- You are a railway employee who works away from the municipality and the metropolitan area (if there is one) where your employer's relevant establishment (home terminal) is located. You also work at such a distant location that it is unreasonable for you to return daily to your home, where you support a spouse or common-law partner, or a dependant related to you.

Other transport employees

Even if you do not meet all of the conditions listed in "Employees of a transport business" earlier on this page, you may still be able to claim the cost of meals and lodging you incur in the year. For example, you may be an employee whose main duty of employment is transporting goods, but your employer's main business is not transporting goods or passengers.

If you meet the conditions listed under "Travelling expenses" on page 8, you will still qualify to use the simplified method of meal reporting described on the following page. For more information about both sets of conditions, see Information Circular IC73-21.

If your employer has paid or will pay you for any part of your meal and lodging expenses, subtract that amount from your claim.

How to claim your expenses

Complete Parts 1 and 2 of Form TL2, *Claim for Meals and Lodging Expenses*, and have your employer complete Part 3 and sign it. Trips that qualify as an eligible trip for long-haul truck drivers should be reported in Part 2B, and all other trips should be reported in Part 2A. Claim your meal and lodging expenses on line 229 of your return. You do not have to send Form TL2 with your return, but keep it in case we ask to see it later.

In the rest of this chapter, we explain how to calculate your meal and lodging expenses. For more detailed information about meal and lodging expenses, see Information Circular IC73-21.

Meals

To calculate your meal expenses, you can use either the simplified or detailed method, or in certain situations, the batching method. These methods are explained in this section.

The most you can deduct for meal expenses is **50%** of your claim (unless you are a long-haul truck driver claiming meals for an eligible trip, as explained later on this page under "Meal expenses of long-haul truck drivers"). For example, if you use the simplified method, which is based on a daily meal rate of $17 per meal, the most you can deduct is $8.50 ($17 × 50%) for each meal.

Under either the simplified or detailed method, you can claim one meal after every four hours from the departure time, to a maximum of three meals per day. For the purposes of calculating the maximum number of meals allowed, a day is considered to be a 24-hour period that begins at the departure time.

The simplified method – This is the easiest way to calculate your meal expenses since you do not have to keep receipts for your meals, although you do have to keep a detailed list of the trips you take in a record or log book.

The simplified method is based on a meal rate of **$17** for each meal. Multiply the actual number of meals you ate by $17 (to a maximum of three meals per day) and report that amount on Form TL2, *Claim for Meals and Lodging Expenses*, in the "Meals bought" column of **Part 2 – Trip and expense summary**.

Log book using the simplified method

Meals and lodging expenses – Simplified method

Date	Departure time	Destination	Date	Check-in time	Hrs away	Km driven	No. of meals
June 15	7:00	Montréal	June 17	16:00	57	900	7

The detailed method – If you choose to use the detailed method to calculate your meal expenses, you have to keep a log or record book itemizing each expense. You also have to keep receipts to support the amount you deduct.

Report the actual amount you spent on meals on Form TL2 in the "Meals bought" column of **Part 2 – Trip and expense summary**.

Log book using the detailed method

Meals and Lodging expenses – Detailed method

Date	Time in or Time out	Location	Restaurant	Type	Cost
June 15	9:30	Oshawa			
June 15		Belleville	Paradise Restaurant	Lunch	$ 9.20
June 15		Montréal	Dunn's Restaurant	Dinner	$ 22.99
June 15		Montréal	Quebec Motel	Lodging	$ 64.50
June 16		Montréal	Dunn's Restaurant	Breakfast	$ 5.75
June 16		Belleville	Paradise Restaurant	Lunch	$ 17.45
June 16	16:00	Oshawa			

The batching method – When you are part of a work crew, such as on a train, your employer may provide you with cooking facilities. If you buy groceries and cook meals either by yourself or as a group, each person can claim up to **$34** for each day. As long as you do not claim more than this amount, you do not have to keep receipts. Report this amount on Form TL2 in the "Meals bought" column of **Part 2 – Trip and expense summary**.

Meal expenses of long-haul truck drivers

Meal and beverage expenses for long-haul truck drivers are deductible at a rate higher than the 50% permitted for other transportation employees. During eligible travel periods in 2011, meal and beverage expenses incurred are deductible at **80%**.

You are a **long-haul truck driver** if you are an employee whose main duty of employment is transporting goods by way of driving a long-haul truck, whether or not your employer's main business is transporting goods, passengers, or both.

A **long-haul truck** is a truck or tractor that is designed for hauling freight and has a gross vehicle weight rating of more than 11,788 kg.

An **eligible travel period** is a period during which you are away from your municipality or metropolitan area (if there is one) for at least 24 hours for the purpose of driving a long-haul truck that transports goods at least 160 kilometres from the employer's establishment to which you regularly report to work.

Lodging and showers

You can deduct your lodging expenses. The costs of showers are also considered to be deductible as part of lodging expenses for transportation employees who may have slept in the cab of their trucks rather than at hotels. You need to keep your receipts to support the amount you deduct.

Trips to the United States

You can claim the meal and lodging expenses you incur while performing your duties as a transport employee in the United States (U.S.). If you are using the simplified method of reporting meal expenses, you are entitled to **US$17** per meal while in the U.S. The most you can deduct for meal expenses is **50%** of your claim, just as it is for trips within Canada (unless you are a long-haul truck driver, as described in "Meal expenses of long-haul truck drivers" on the previous page).

Calculate the total U.S. dollar amount of both the meal and lodging expenses incurred in the U.S. and convert these two totals to Canadian dollars by multiplying them by the Bank of Canada average annual U.S. conversion rate. You can get the conversion rate by going to our Web page at **www.cra.gc.ca/exchangerates** or by calling us at **1-800-959-8281**. Provide a summary of your trips to the U.S. in **Part 2 – Trip and expense summary** of Form TL2. Attach a more detailed list of these trips to the form.

Chapter 5 – Employees working in forestry operations

You can deduct expenses for buying and using a power saw (including a chain saw or tree trimmer) if you meet **all** of the following conditions:

- You work in forestry operations.
- You use a power saw to earn your employment income.
- You had to pay for the power saw under your contract of employment and your employer will not be reimbursing you.

You can deduct the cost of a power saw in the year you buy it. However, you have to subtract from the purchase price of the new power saw the value of any trade-in or any amount you received from the sale of any power saw during the year.

When you file your return, attach a statement that breaks down the cost of running the power saw. Also, keep with your records a copy of Form T2200, *Declaration of Conditions of Employment*, which has been completed and signed by your employer.

Expenses to operate a power saw include any GST and provincial sales tax, or HST, you paid. Enter your power saw expenses on line 229 of your return. You may be able to get a rebate of the GST/HST you paid. For more information, see Chapter 10 which begins on page 23.

You cannot deduct expenses for travelling from your home to a place where you have to report to work on a regular basis. These expenses are personal. For example, you cannot deduct expenses for travelling from your home to a forest camp or to a cutting site if you go to that place on a regular basis. However, the motor vehicle expenses for travelling from a forest camp set up by your employer to the cutting site are incurred in the course of employment. These expenses are therefore deductible if you meet the conditions described in "Allowable motor vehicle expenses (including capital cost allowance)" on page 8.

You cannot deduct the cost of horses and harnesses, snowmobiles, or all-terrain vehicles because these are capital expenditures. Also, you cannot deduct capital cost allowance or interest you paid on money borrowed to buy these things.

Chapter 6 – Employed artists

This chapter has two parts. Part 1 deals with employed artists' expenses in general. Part 2 deals with musical instrument expenses.

Part 1 – Artists' employment expenses

You can deduct expenses you paid in 2011 to earn employment income from an artistic activity if you did **any** of the following:

- composed a dramatic, musical, or literary work;
- performed as an actor, dancer, singer, or musician in a dramatic or musical work;
- performed an artistic activity as a member of a professional artists' association that the Minister of Canadian Heritage has certified; or
- created a painting, print, etching, drawing, sculpture, or similar work of art. For income tax purposes, it is not an artistic activity when you reproduce these items.

These expenses include any GST and provincial sales tax, or HST, you paid. You may be able to get a rebate of the GST/HST you paid. We discuss the GST/HST rebate in Chapter 10 which begins on page 23.

The amount you can claim is limited to the **lesser** of:

a) the expenses you actually paid in 2011; and

b) the **lesser** of:

- $1,000; and
- 20% of your employment income from artistic activities;

minus the following amounts you deducted from your income from an artistic activity:

- musical instrument expenses (see Part 2 later on this page);
- interest for your motor vehicle (see the section called "Interest expense" on page 18); and
- capital cost allowance for your motor vehicle (see Chapter 9 which begins on page 20).

If you have expenses you cannot claim because of the 20% or $1,000 limit, you can deduct them from artistic income you earn in a future year. Also, you can deduct amounts you carry forward from previous years from your artistic income earned in 2011, as long as the total expenses are within the above-noted limits for 2011.

Enter the amount you can deduct on the "Artists' employment expenses" line of Form T777, *Statement of Employment Expenses*.

If you earn artistic income from more than one employer, total your income and expenses before you calculate your claim. In other words, you cannot make a separate claim for each employer.

Note
As an employed artist, you can deduct expenses described in Chapter 3, which begins on page 8, if you meet the required conditions of an employee earning a salary. If this is the case, you can choose to deduct these expenses separately from the other expenses you paid to earn artistic income. However, choose the option that gives you the greatest deduction in 2011, since you cannot carry forward any unused expenses that you can deduct in 2011.

Example
Barbara is a salaried employee whose employment income from artistic activities was $20,000 in 2011. During 2011, she paid $950 for advertising, $1,550 for travelling, and $350 for musical instrument expenses to earn this income. Since advertising and musical instrument expenses are not listed as deductible expenses of a salaried employee in Chapter 3, Barbara will choose the option to deduct these expenses separately as artists' employment expenses because it will allow a greater deduction for 2011. She meets the requirements for deducting her travelling expenses as explained in Chapter 3 and her musical instrument expenses as discussed in Part 2 of this chapter, and she can claim her advertising expenses as an artist's expense. Barbara calculates her artists' employment expenses as follows:

The **lesser** of:

a) $950 (advertising expenses); and

b) the **lesser** of:

- $1,000; and
- $4,000 (20% of $20,000);

minus $350 (musical instrument expenses).

Amount b) is $1,000 minus $350 = $650.

The lesser of a) and b) is $650.

Barbara calculates the amount to enter on line 229 of her return as follows:

Travelling expenses	$	1,550
Artists' employment expenses		650
Musical instrument expenses		350
Total to enter on line 229	$	2,550

Part 2 – Musical instrument expenses

If you are an employed musician, your employer may require you to provide your own musical instrument. If this is the case, you can deduct expenses you paid that relate to the musical instrument. Your musical instrument expenses include any GST and provincial sales tax, or HST, you paid on these expenses. You may be able to get a rebate of the GST/HST you paid. For more information, see Chapter 10 which begins on page 23.

Deductible expenses

Although you cannot deduct the actual cost of your musical instrument, the amounts you **can** deduct for your musical instrument are:

- maintenance costs;
- rental fees;
- insurance costs; and
- capital cost allowance (if you own the instrument).

Enter the amount you can deduct on the "Musical instrument expenses" line and/or the "Capital cost allowance for musical instruments" line of Form T777 as appropriate.

However, the amount of musical instrument expenses you can deduct cannot be more than your income for the year from your employment as a musician after deducting all other employment expenses.

How to calculate your expenses

When you use your musical instrument for both employment and other purposes, divide the total instrument expenses among the different uses. For example, if you are using your instrument for employment, self-employment, and personal purposes, separate all three uses. You cannot deduct personal expenses.

Enter the total expenses for your employment income on line 229 of your return.

Use the self-employment part of your musical instrument expenses to calculate the net self-employment income you report on line 137 of your return. For more information, see Guide T4002, *Business and Professional Income*.

Capital cost allowance

Use the back of Form T777 to calculate the amount of capital cost allowance you can claim for your musical instrument. For more information, see Chapter 9, which begins on page 20.

Change in use

There are special rules for calculating the capital cost of depreciable property. These rules can apply when there is a change in use of the musical instrument from an income-earning purpose to some other purpose, or vice versa. We discuss this in more detail in Chapter 9, which begins on page 20.

For more information, see Interpretation Bulletin IT-525, *Performing Artists*.

Chapter 7 – Employed tradespersons

You may be able to deduct the cost of eligible tools you bought in 2011 to earn employment income as a tradesperson. This cost includes any GST and provincial sales tax, or HST that you paid. You may be able to get a rebate of the GST/HST you paid. We discuss the GST/HST rebate in Chapter 10 which begins on page 23. When completing Form GST370, *Employee and Partner GST/HST Rebate Application*, see if Situation 6 on page 27 applies to you.

An **eligible tool** is a tool (including associated equipment such as a toolbox) that:

- you bought to use in your job as a tradesperson and was not used for any purpose before you bought it;
- your employer certified as being necessary for you to provide as a condition of, and for use in, your job as a tradesperson; **and**
- is not an electronic communication device (like a cell phone) or electronic data processing equipment (unless the device or equipment can be used only for the purpose of measuring, locating, or calculating).

Your employer has to complete and sign Form T2200, *Declaration of Conditions of Employment*. Have your employer complete question 11 of Part B of the form to certify that the tools being claimed were bought and provided by you as a condition of your employment as a tradesperson. Attach to Form T2200 a list of the tools you are claiming, as well as the related receipts. You do not have to include Form T2200, your receipts, or your list of tools with your return, but keep them in case we ask to see them.

Deduction for tools

If you were a tradesperson in 2011, use the following formula to calculate your maximum tradesperson's tools deduction for the cost of eligible tools you bought in 2011:

Maximum deduction for eligible tools is the lesser of:

a) $500; and

b) the amount, if any, determined by the formula

A – $1,065

where

A = the lesser of:

1. the total cost of eligible tools that you bought in 2011; and
2. your income from employment as a tradesperson for the year

   plus the amount you received in 2011 under the *Apprenticeship Incentive Grant* and the *Apprenticeship Completion Grant* programs;

   minus the amount of any *Apprenticeship Incentive Grant* and *Apprenticeship Completion Grant* overpayments that you had to repay in 2011.

Enter your claim on the "Tradesperson's tools expenses" line of Form T777, *Statement of Employment Expenses*.

Example
In 2011, Karsten is employed as an electrician with ABC Company, and he needs to purchase additional tools for his job. He paid $2,500 for the tools he needed, and he earned $45,000 in employment income in 2011 as an electrician.

He calculates his maximum deduction for eligible tools in 2011 as follows:

> **Maximum deduction for eligible tools** is the lesser of:
>
> a) $500; and
>
> b) the amount, if any, determined by the formula
>
> **A – $1,065**
>
> where
>
> **A** = the lesser of:
>
> 1. $2,500; and
> 2. $45,000

Karsten's maximum deduction for 2011 is the lesser of $500 and $1,435 ($2,500 – $1,065). Karsten claims a deduction of $500 on line 229 of his 2011 income tax and benefit return.

Employed apprentice mechanics

You may also be able to deduct a part of the cost of eligible tools you bought in 2011 to earn employment income as an eligible apprentice mechanic.

You are an eligible apprentice mechanic if you:

- are registered in a program established under the laws of Canada or of a province or territory that leads to a designation under those laws as a mechanic **licensed to repair self-propelled motorized vehicles** (such as automobiles, aircraft, boats, or snowmobiles); **and**
- are employed as an apprentice mechanic.

As an eligible apprentice mechanic, you must first calculate the tradesperson's tools deduction, if any, that you qualify for. You may qualify for this deduction if you bought eligible tools for your job in 2011. You can then complete the calculation described in the section called "Deduction for tools for an eligible apprentice mechanic," later on this page to determine if you can also make this claim in 2011.

An **eligible tool** is a tool (including associated equipment such as a toolbox) that:

- you bought to use in your job as an apprentice mechanic and was not used for any purpose before you bought it;
- your employer certified as being necessary for you to provide as a condition of, and for use in, your job as an apprentice mechanic; **and**
- is not an electronic communication device (like a cell phone) or electronic data processing equipment (unless the device or equipment can be used only for the purpose of measuring, locating or calculating).

Your employer has to complete and sign Form T2200, *Declaration of Conditions of Employment*. Have your employer complete question 12 of Part B of the form to certify that you bought and provided the tools you are claiming as a condition of your employment as an eligible apprentice mechanic. Attach to Form T2200 a list of the tools you are claiming, as well as the related receipts. You do not have to submit Form T2200 or your list of tools or receipts with your income tax and benefit return, but keep them in case we ask to see them.

Deduction for tools for an eligible apprentice mechanic

Use the following formula to calculate your maximum deduction for the cost of eligible tools you bought in 2011 if you were an eligible apprentice mechanic at any time in 2011:

> **Maximum deduction for eligible tools*** = **(A – B) + C**
>
> where
>
> **A** = the total cost of eligible tools that you bought in 2011**
>
> **B** = the lesser of:
>
> 1. the total cost of eligible tools that you bought in 2011 as calculated in **A**; and
> 2. the greater of:
>   - $500 + the Canada employment amount claimed on line 363 of Schedule 1 (max. $1,065); and
>   - 5% of:
>   – your employment income as an eligible apprentice mechanic;
>   – **plus** the amount you received in 2011 under the *Apprenticeship Incentive Grant* and the *Apprenticeship Completion Grant* programs;
>   – **minus** any claim you made for the tradesperson's deduction for tools, **and** the amount of any *Apprenticeship Incentive Grant* and *Apprenticeship Completion Grant* overpayments that you had to repay in 2011.
>
> **C** = the amount, if any, of the maximum deduction for eligible tools that you calculated for 2010 that you did **not** claim in 2010 (your carry forward amount from 2010, if any).
>
> * This claim cannot be more than your net income for 2011 from all sources (the claim cannot create a non-capital loss).
>
> **If you become employed as an eligible apprentice mechanic for the first time during 2011, you will be able to increase the value of **A** in the above calculation by the cost of eligible tools you bought during the last three months of 2010.

Enter your claim on the "Apprentice mechanic tools expenses" line of Form T777, *Statement of Employment Expenses*.

If you do not want to claim the maximum deduction, you can carry forward the unused amount for use against income earned in a future year. You can deduct the unused amount against any type of income in a future year even if you are no longer employed as an eligible apprentice mechanic at that time.

Example 1
The Motor Company hired Bill as a second-year eligible apprentice mechanic on November 1, 2010. Based on the tools he bought during 2010, Bill calculated his maximum deduction for eligible tools in 2010 to be $3,500. He only claimed $1,500 of this amount on his 2010 return. In 2011, Bill received $18,000 in income from his job as an eligible apprentice mechanic. In 2011, he received $1,000 under the *Apprenticeship Incentive Grant* program, and he also received income of $4,000 from other sources.

During September of 2011, Bill bought two eligible tools for $4,500. He already calculated and claimed a tradesperson's tools deduction of $500 for 2011. He had also claimed a Canada employment amount of $1,065.

Bill calculated his maximum deduction for eligible tools in 2011 as follows:

Maximum deduction for eligible tools = (A – B) + C

where

A = $4,500

B = the lesser of:

1. $4,500; and
2. the greater of:
   - $500 + $1,065; and
   - $925 (5% of [$18,000 + $1,000 – $500])

C = $2,000

Therefore, Bill's maximum deduction in 2011 is $4,935 ([$4,500 **–** $1,565] + $2,000). Bill's claim for the year cannot be more than his net income of $22,500 ({$18,000 + $1,000 – $500} + $4,000). Bill claims his deduction on line 229 of his return.

Disposition of tools

As a tradesperson (including an apprentice mechanic), you may decide to sell any or all of the eligible tools for which you claimed a deduction. If so, you must include, in your income in the year you sold the tool(s), the amount by which the proceeds of disposition of each tool is greater than the adjusted cost of the eligible tool sold. The proceeds of disposition of a tool is the amount of money you sold the tool for.

Adjust the original cost of each eligible tool you bought by using the following formula:

Adjusted cost of an eligible tool = D – (D × [E/A])

where

D = the original cost of each eligible tool that you bought in 2011

E = the total of the tradesperson's tools deduction and apprentice mechanic tools deduction that you claimed in 2011*

A = the total cost of all eligible tools that you bought in 2011**

* In the case of the apprentice mechanic tools deduction, always assume there is no carryover amount (C = 0) when calculating **E**.

If you made a claim for both the tradesperson's tools deduction **and the apprentice mechanic tools deduction, use the value of **A** that was **greater**.

Complete a separate calculation for each eligible tool you bought in 2011.

Example 2
In Example 1 earlier on this page, Bill bought two eligible tools for $4,500. Tool A and Tool B cost $2,500 and $2,000, respectively. Bill must calculate the adjusted cost of these tools. He calculates the adjusted cost of Tool A as follows:

Adjusted cost of Tool A = D – (D × [E/A])

where

D = $2,500

E* = $500 + $2,935 (from Example 1) = $3,435

A = $4,500

* The value of **E** is the total of the tradesperson's tools deduction of $500 and the apprentice mechanic tools deduction of $2,935, which is $4,935 minus the carryover amount of $2,000 ($4,935 – $2,000 = $2,935)

By applying this formula, the adjusted cost of Tool A is:

$2,500 – ($2,500 × [$3,435/$4,500])

= $2,500 – $1,908

= $592

Similarly, the adjusted cost of Tool B is $474 ($2,000 – ($2,000 × [$3,435/$4,500])).

Assume that Bill sells Tool A in 2012 for $1,500. The proceeds of disposition of Tool A ($1,500) is greater than its adjusted cost ($592). As a result, he would have to include the amount of $908 ($1,500 – $592) as income on line 130 of his 2012 return. If the proceeds of disposition had been less than the adjusted cost of the tool, Bill would not have been able to deduct the difference.

Chapter 8 – Motor vehicle expenses

You can deduct expenses you paid to run a motor vehicle you use to earn employment income. Your motor vehicle expenses include any GST and provincial sales tax, or HST, you paid on these expenses.

You may be able to get a rebate of the GST/HST you paid. For more information, see Chapter 10 which begins on page 23.

If you are an employee earning **commission income**, you can deduct expenses for your vehicle as long as you meet the conditions outlined in the section called "Employment conditions" on page 6.

If you are an employee earning a **salary**, you can deduct expenses for your vehicle as long as you meet the conditions outlined in the section called "Allowable motor vehicle expenses (including capital cost allowance)" on page 8.

Keeping records

Since you can deduct motor vehicle expenses only when they are reasonable and you have receipts to support them, keep a record for each vehicle you used. The record should include the total kilometres you drove as well as the kilometres you drove to earn employment income. The record for each trip you took to earn employment income should list the date, destination, purpose, and number of kilometres. Record the odometer reading of each vehicle at the beginning and again at the end of the year.

If you change motor vehicles during the year, record the odometer reading of each vehicle when you buy, sell, or trade it. Write down the dates as well.

Deductible expenses

The types of expenses you can deduct include:

- fuel (gasoline, propane, oil);
- maintenance and repairs;
- insurance;
- licence and registration fees;
- capital cost allowance (see Chapter 9 which begins on page 20);
- eligible interest you paid on a loan used to buy the motor vehicle (see the section called "Interest expense" on page 18); and
- eligible leasing costs (see the section called "Leasing costs" on page 19).

Enter these amounts in the "Calculation of Allowable Motor Vehicle Expenses" area of Form T777.

What kind of vehicle do you own?

For tax purposes, there are two types of vehicles you should know about. They are **motor vehicles** and **passenger vehicles**.

The kind of vehicle you use may affect the expenses you can deduct. If you own or lease a passenger vehicle, there may be a limit on the amounts you can deduct for capital cost allowance (CCA), interest, and leasing costs. We explain the limits for CCA on page 21, interest expense on page 18, and leasing costs on page 19.

Motor vehicle

A motor vehicle is an automotive vehicle designed or adapted for use on highways and streets. It is not a trolley bus, or a vehicle designed or adapted to be operated exclusively on rails.

Passenger vehicle

A passenger vehicle is a **motor vehicle** (defined above) designed or adapted primarily to carry people on highways and streets. It seats a driver and no more than eight passengers. Most cars, station wagons, vans, and some pick-up trucks are passenger vehicles. They are subject to the limits for CCA, interest, and leasing costs.

A passenger vehicle does **not** include:

- an ambulance;
- clearly marked police and fire emergency-response vehicles;
- clearly marked emergency medical services vehicles used to carry paramedics and their emergency medical equipment;
- a motor vehicle you bought to use mainly (more than 50%) as a taxi, a bus to transport passengers, or a hearse in a funeral business;
- a motor vehicle you bought to sell, rent, or lease in a motor vehicle sales, rental, or leasing business;
- a motor vehicle (except a hearse) you bought to use in a funeral business to transport passengers; or
- certain vans, pick-up trucks, or similar vehicles (for details, see the "Vehicle definitions chart" on page 18).

The "Vehicle definitions chart" on page 18 should help you determine what type of vehicle you have. It does not cover every situation, but it should give you a better idea of how we define vehicles you bought or leased.

Joint ownership

If you and somebody else own or lease the same passenger vehicle, the limits on CCA, interest, and leasing costs still apply. The total amount the joint owners can claim cannot be more than the amount that would be allowed if only one person had owned or leased the vehicle.

Employment use of a motor vehicle

If you use a motor vehicle for both employment and personal use, you can deduct only the percentage of expenses related to earning income. To support the amount you can deduct, keep a record of both the total kilometres you drove and the kilometres you drove to earn employment income. We consider driving back and forth between home and work as personal use.

If you use more than one motor vehicle to earn employment income, calculate the expenses for each vehicle separately.

Interest expense

You can deduct interest you paid on money you borrowed to buy a motor vehicle or passenger vehicle that you use to earn employment income. Include the interest you paid when you calculate your allowable motor vehicle expenses.

If you use a **passenger vehicle** to earn employment income, there is a **limit** on the amount of interest you can deduct. Use the "Available interest expense for passenger vehicles chart" to calculate the amount you can deduct. Enter your available interest expense amount on line 10 of Form T777.

Available interest expense for passenger vehicles chart		
Total interest paid in the year	$ ________	**A**
$10* × the number of days for which interest was paid	$ ________	**B**
The available interest expense is the **lower of** amount A and amount B.		

***Note**

Use $8.33 for passenger vehicles bought **between** December 31, 1996, and January 1, 2001.

In **all** other cases, use $10.

Vehicle definitions chart

Type of vehicle	Seating (includes driver)	Business use in year bought or leased	Vehicle definition
Coupe, sedan, station wagon, sports car, or luxury car	1 to 9	1% to 100%	passenger
Pick-up truck used to transport goods or equipment	1 to 3	more than 50%	motor
Pick-up truck (other than above)*	1 to 3	1% to 100%	passenger
Pick-up truck with extended cab used to transport goods, equipment, or passengers	4 to 9	90% or more	motor
Pick-up truck with extended cab (other than above)*	4 to 9	1% to 100%	passenger
Sport-utility used to transport goods, equipment, or passengers	4 to 9	90% or more	motor
Sport-utility (other than above)	4 to 9	1% to 100%	passenger
Van or minivan used to transport goods or equipment	1 to 3	more than 50%	motor
Van or minivan (other than above)	1 to 3	1% to 100%	passenger
Van or minivan used to transport goods, equipment, or passengers	4 to 9	90% or more	motor
Van or minivan (other than above)	4 to 9	1% to 100%	passenger

*A vehicle in this category is considered a **motor vehicle** if it is used mainly to transport goods, equipment, or passengers while earning or producing income at a remote work location or at a special worksite that is at least 30 kilometres from the nearest community with a population of at least 40,000.

Leasing costs

You can deduct amounts you paid to lease a motor vehicle you used to earn employment income. Include the leasing costs you paid when you calculate your allowable motor vehicle expenses.

If you use a passenger vehicle to earn employment income, there is a limit on the amount of leasing costs you can deduct. If you leased a passenger vehicle before January 1, 2001, you will need to refer to the applicable chart in a 2008 version of this guide to assist you in calculating the eligible leasing costs. You can get this version of the guide by going to **www.cra.gc.ca/E/pub/tg/t4044** and clicking on the "Previous year versions" link, or calling us at **1-800-959-2221**.

Use the chart below to calculate your eligible leasing costs for a passenger vehicle leased after December 31, 2000. Enter your eligible leasing costs on line 11 of Form T777.

> **Note**
> Most leases do not include items such as insurance, maintenance, and taxes. You have to pay these amounts separately. Therefore, list these expenses separately on Form T777. Do not include them in your calculation of eligible leasing costs.

If the lease agreement for your passenger vehicle does include items such as insurance, maintenance, and taxes, include them as part of the lease charges in your calculation.

Repayments and imputed interest

When you lease a passenger vehicle, you may have either a repayment owing to you, or you may have **imputed interest**. If this is your situation, you cannot use the leasing chart below. Instead, contact us.

Imputed interest is interest that would be owing to you if you were paid interest on money you deposited to lease a passenger vehicle. You can only consider imputed interest as leasing costs on a passenger vehicle if **all** the following apply:

- You made one or more deposits for the leased passenger vehicle.
- All deposits are refundable.
- The deposits total more than $1,000.

Eligible leasing costs for passenger vehicles leased after December 31, 2000

1.	Enter the total lease charges paid for the vehicle in 2011			$ ______	1
2.	Enter the total lease payments deducted for the vehicle before 2011			$ ______	2
3.	Enter the total number of days the vehicle was leased in 2011 and previous years			______	3
4.	Enter the manufacturer's list price			$ ______	4
5.	$35,294 + GST and PST, or HST, on $35,294			$ ______	5
6.	Enter the amount from line 4 or line 5, whichever is more ..... $ ______	× 85%		▶ $ ______	6
7.	($800 + GST and PST, or HST, on $800) × line 3 = ... $ ______	÷ 30 =	$ ______ – line 2	▶ $ ______	7
8.	($30,000 + GST and PST, or HST, on $30,000) × line 1 = ... $ ______	÷ line 6		▶ $ ______	8

Your eligible leasing cost is the lower of the amounts on line 7 and line 8.

Example

On February 1, 2011, Tom, a resident of Saskatchewan, began leasing a car that meets the definition of a passenger vehicle. He used the car to earn employment income. Tom will complete the chart below using the following information for 2011:

- Monthly lease payment .... $ 500
- Lease payments made for 2011 .... $ 5,500
- Number of days the car was leased in 2011 334
- Manufacturer's suggested list price $28,000
- GST ($35,294 × 5% = $1,765) and PST ($35,294 × 8% = $2,823) .... $ 4,588
- GST ($800 × 5% = $40) and PST ($800 × 8% = $64) .... $ 104
- GST ($30,000 × 5% GST = $1,500) and PST ($30,000 × 8% = $2,400) .... $ 3,900

1.	Total lease charges paid for the vehicle in 2011					$	5,500	1
2.	Total lease payments deducted for the vehicle before 2011					$	0	2
3.	Total number of days the vehicle was leased in 2011 and previous years						334	3
4.	The manufacturer's list price					$	28,000	4
5.	$35,294 + $4,588					$	39,882	5
6.	Enter the amount from line 4 or line 5, whichever is more	$ 39,882	× 85%		▶	$	33,900	6
7.	($800 + $104 = $904) × 334 =	$ 301,936	÷ 30 =	$ 10,064 – line 2	▶	$	10,064	7
8.	($30,000 + $3,900 = $33,900) × $5,500 =	$ 186,450,000	÷ 33,900		▶	$	5,500	8

Tom would enter $5,500 (the lower of the amounts on line 7 and line 8) on line 11 of Form T777.

Chapter 9 – Capital cost allowance (depreciation)

You cannot deduct the cost of a property, such as a vehicle or musical instrument that you use to earn your income. However, you can deduct a percentage of the property's cost. The part of the cost you can deduct or claim is called **depreciation** or, for income tax purposes, **capital cost allowance (CCA)**.

Definitions

You may need to know the meaning of certain terms before you can determine your claim for CCA.

Capital cost is the amount on which you first claim CCA. Generally, the capital cost of the property is what you pay for it. Capital cost also includes items such as delivery charges, the GST and provincial sales tax, or the HST.

Depreciable property is any property on which you can claim CCA. Depreciable properties are usually grouped into classes. Your CCA claim is based on the class of your property.

Fair market value is usually the highest dollar value you can get for your property in an open and unrestricted market, between a willing buyer and a willing seller who are acting independently of each other.

Proceeds of disposition is usually the amount you received or will receive for your property. In most cases, it refers to the sale price of the property. When you trade in a property to buy a new one, your proceeds of disposition is the amount you receive for the trade-in.

Undepreciated capital cost (UCC) is the balance of the capital cost left for further depreciation at any given time. The amount of CCA you claim each year will lower the UCC of the property.

Can you claim CCA?

If you are an employee earning **commission income**, you can claim CCA on your vehicle if you meet the conditions outlined in the section called "Employment conditions" on page 6.

If you are an employee earning a **salary**, you can claim CCA on your vehicle if you meet the conditions outlined in the section called "Allowable motor vehicle expenses (including capital cost allowance)" on page 8.

If you are an **employed musician**, you can claim CCA on a musical instrument if you had to provide the musical instrument as a condition of employment.

You do not have to claim the maximum amount of CCA in any given year. You can claim any amount you want, from zero up to the maximum allowed for the year.

Use the back of Form T777, *Statement of Employment Expenses*, to calculate your CCA claim. You will find two copies of Form T777 in this guide.

For more information on CCA, see Interpretation Bulletin IT-522, *Vehicle, Travel and Sales Expenses of Employees*.

Classes of depreciable properties

Depreciable properties are usually grouped into classes. To claim CCA, you should know about the following classes.

Class 8

The maximum CCA rate for this class is 20%. Musical instruments are included in Class 8.

Class 10

The maximum CCA rate for this class is 30%.

You include motor vehicles and some passenger vehicles in Class 10. We define motor vehicles and passenger vehicles in the section called "What kind of vehicle do you own?" on page 17.

Your passenger vehicle can belong to either Class 10 or Class 10.1. You only include a passenger vehicle in Class 10.1 if it meets certain conditions. We explain these conditions in the following section.

Class 10.1

The maximum CCA rate for this class is 30%.

The maximum capital cost of each vehicle that may be included in Class 10.1 is $30,000 plus GST and provincial sales tax (PST), or HST.

Include your passenger vehicle in Class 10.1 if it meets **one** of the following conditions:

- You acquired it after August 31, 1989, and before January 1, 1997, and it cost you more than $24,000.
- You acquired it after December 31, 1996, and before January 1, 1998, and it cost you more than $25,000.
- You acquired it after December 31, 1997, and before January 1, 2000, and it cost you more than $26,000.
- You acquired it after December 31, 1999, and before January 1, 2001, and it cost you more than $27,000.
- You acquired it after December 31, 2000, and it cost you more than $30,000.

If your passenger vehicle does not meet **any** of these conditions, then it belongs in Class 10.

To determine what class your passenger vehicle belongs to, do **not** include the GST and PST, or HST, when calculating the cost of the vehicle.

The following compares the two CCA classes for vehicles:

	Class 10	Class 10.1
CCA rate	30%	30%
Group all vehicles in one class	yes	no
List each vehicle separately	no	yes
Maximum capital cost	no	yes
50% rule on acquisitions	yes	yes
Half-year rule on sale	no	yes
Recapture on sale or trade-in	yes	no
Terminal loss on sale or trade-in	no	no

Because of the differences between Class 10 and Class 10.1, the capital cost allowance schedule on the back of Form T777, *Statement of Employment Expenses*, is divided into two separate parts (Part A and Part B).

Use **Part A** to calculate CCA for both Class 8 and Class 10 property, since the rules for these two classes are similar.

Use **Part B** to calculate CCA on Class 10.1 property only. List each Class 10.1 vehicle on a separate line. Calculate CCA separately for each vehicle listed.

How to calculate capital cost allowance

The following information will help you complete Part A and Part B of the capital cost allowance schedule on the back of Form T777.

If this is the first year you are claiming CCA, skip column 2, and start with column 3. If this is not the first year you are claiming CCA, start with column 2. Then complete the rest of the columns as they apply.

Part A – Classes 8 and 10 property

Column 2 – Undepreciated capital cost at the beginning of the year

If you claimed CCA in any previous year, record in this column the undepreciated capital cost (UCC) of the property at the end of last year. For instance, if you completed Part A of form T777 in 2010, you would have recorded this amount in column 10. However, if you received a GST/HST rebate for a vehicle or musical instrument in 2011, you have to reduce your opening UCC by the amount of the rebate.

Column 3 – Cost of acquisitions during the year

If you acquired depreciable property in 2011, enter the total capital cost of the property on the appropriate line.

If you owned property for personal use and then started using it for employment in 2011, there is a change in use. In most cases when this happens, the amount you will enter in column 3 is the fair market value of the property.

For example, John bought a car in 2009 for $19,000. In 2011, he started using it for employment. By checking car dealerships and the newspapers, John determines its fair market value is $11,000. Therefore, he enters $11,000 in column 3.

To determine what class your passenger vehicle belongs to, use the price of the car before you add GST and any provincial sales tax (PST), or HST. However, once you determine that your vehicle belongs to Class 10, add the GST and PST, or HST that you paid to the vehicle's capital cost.

For example, in 2011, you bought a passenger vehicle for $28,000 plus GST of $1,400 and PST of $2,240. Your vehicle belongs in Class 10 even though its capital cost is $31,640 ($28,000 + $1,400 + $2,240), since your cost before the GST and PST was $28,000. You would enter $31,640 in column 3 for Class 10 property.

For information on Class 10.1 property, see the section called "Part B – Class 10.1 property" later on this page.

Column 4 – Proceeds of disposition during the year

For depreciable property you disposed of in 2011, enter the **lesser** of:

- the proceeds of disposition of the property, **minus** the related outlays and expenses; and
- the capital cost of the property.

Column 5 – Undepreciated capital cost after acquisitions and dispositions

Enter the amount you get after you add column 2 to column 3 and subtract column 4.

You cannot claim CCA when the amount in column 5 is:

- negative (recapture); or
- positive **and** you do not have any property in the class at the end of the year (terminal loss).

Recapture of capital cost allowance – If the amount in column 5 is negative, you have a recapture of CCA. Include the amount as income on line 104 of your return for 2011.

Terminal loss – If the amount in column 5 is positive and you no longer own any property in that class, you have a terminal loss. You cannot deduct the terminal loss from income.

Column 6 – Adjustments for current-year acquisitions

You can only claim CCA on 50% of your net acquisitions (acquisitions **minus** dispositions) of Class 8 or Class 10 properties in 2011. This is known as the **50% rule**. In column 6, enter 50% of the amount you get when you subtract column 4 from column 3. If column 4 is more than column 3, enter "nil" in column 6.

Column 7 – Base amount for capital cost allowance claim

Enter the amount you get when you subtract column 6 from column 5. Base your CCA claim, if any, on the amount in this column. You can only claim CCA on the balance remaining in column 7 when the amount is positive and you still have property in the class at the end of the year.

Column 9 – Capital cost allowance for the year

You can only claim CCA if you were still using the property for employment at the end of 2011. If you started using a property for employment part way through the year, you can claim CCA on the property for the full year. You do not have to limit your CCA claim to the part of the year you used the property for employment. If you stopped using the property for employment during the year, you cannot claim any CCA on the property for the year.

Enter the CCA you want to claim for 2011. The most you can claim for a Class 10 property is 30% of the amount in column 7. The most you can claim for a Class 8 property is 20% of the amount in column 7.

Column 10 – Undepreciated capital cost at the end of the year

Enter the amount you get when you subtract column 9 from column 5 in column 10. This is your undepreciated capital cost at the end of 2011.

Part B – Class 10.1 property

List each Class 10.1 vehicle on a separate line.

Column 2 – Undepreciated capital cost at the beginning of the year

If you claimed CCA in any previous year for a Class 10.1 vehicle, record in this column the undepreciated capital cost (UCC) of that vehicle at the end of last year. For instance, if you completed Part B of Form T777 in 2010, you would have recorded this amount in column 8. However, if you received a GST/HST rebate for that vehicle in 2011, you have to reduce your opening UCC by the amount of the rebate.

Column 3 – Cost of acquisitions during the year

To determine what class your passenger vehicle belongs to, use the price of the car before you add the GST and any PST, or HST. However, include the GST and PST, or HST, in the vehicle's capital cost.

If you owned a passenger vehicle for personal use and then started using it for employment in 2011, there is a change in use. In most cases when this happens, the amount you will enter in column 3 is the fair market value of the property.

For a passenger vehicle you acquired in 2011 that cost you more than $30,000 before GST and PST, or HST, no matter how much more than $30,000 it cost, the amount you record is $30,000 plus the GST and PST, or HST, that you would have paid on $30,000.

For example, if you bought a passenger vehicle in 2011 that cost $31,000 before the GST and PST, or HST, your vehicle belongs in Class 10.1. Assume the GST on $30,000 is $1,500 and the PST is $2,400. Your capital cost is $33,900 ($30,000 + $1,500 + $2,400). You enter $33,900 in column 3.

There is a limit on the capital cost of a Class 10.1 vehicle you buy from a person with whom you have a non-arm's-length relationship. Generally, such a relationship happens when the person from whom you acquire the vehicle is a relative. A non-arm's-length relationship can also happen in certain business relationships.

In this case, the capital cost is the **least** of the following three amounts:

- the fair market value of the vehicle when you acquired it;
- $30,000 plus the GST and PST, or HST, that you would have paid on $30,000 if you had acquired the vehicle in 2011; and
- the seller's cost of the vehicle just before you acquired it. The cost can vary depending on what the seller used the vehicle for before you acquired it. If the seller used the vehicle to earn income, the cost will be the undepreciated capital cost of the vehicle just before you acquired it. When the seller was not using the vehicle to earn income, the cost will usually be the original cost of the vehicle.

Column 4 – Proceeds of disposition during the year

For a Class 10.1 vehicle you disposed of in 2011, record the **lesser** of:

- the proceeds of disposition of the property **minus** the related outlays and expenses; and
- the capital cost of the vehicle.

Column 5 – Base amount for capital cost allowance claim

Base your CCA claim, if any, on the amount in this column.

If you owned the vehicle in 2011 and still owned it at the end of 2011, enter in column 5 the same amount you entered in column 2.

You can only claim CCA on 50% of the capital cost of a Class 10.1 vehicle you acquired in 2011. This is known as the **50% rule**. In column 5, enter 50% of the amount in column 3, as long as you still owned the vehicle at the end of 2011. If you acquired and disposed of the same Class 10.1 vehicle in 2011, enter "nil" in column 5.

For a Class 10.1 vehicle you disposed of in 2011, you may be able to claim 50% of the CCA that would be allowed if you had still owned the vehicle at the end of the year. This is known as the **half-year rule on sale**.

You can use the half-year rule if you owned, at the end of 2010, the class 10.1 vehicle you sold in 2011. If you meet this condition, enter 50% of the amount from column 2 in column 5.

Column 7 – Capital cost allowance for the year

Claim CCA if you were still using the vehicle for employment at the end of 2011. If you started using a vehicle for employment part way through the year, you can claim CCA on the vehicle for the full year. You do not have to limit your CCA claim to the part of the year that you used the vehicle for employment.

Record the CCA you want to claim for 2011. The most you can claim is 30% of the amount in column 5.

Column 8 – Undepreciated capital cost at the end of the year

Calculate the undepreciated capital cost at the end of 2011 as follows:

- For a Class 10.1 vehicle you owned in 2010 and still owned at the end of 2011, enter the amount you get after you subtract the amount in column 7 from the amount in column 2.
- For a Class 10.1 vehicle you acquired during 2011 and still owned at the end of 2011, enter the amount you get after you subtract the amount in column 7 from the amount in column 3.
- For a Class 10.1 vehicle you disposed of during 2011, enter "nil" in column 8. The recapture and terminal loss rules do not apply to a Class 10.1 vehicle.

Chapter 10 – Employee goods and services tax/harmonized sales tax (GST/HST) rebate

Provincial sales taxes in Nova Scotia, Newfoundland and Labrador, New Brunswick, Ontario, and British Columbia (B.C.) were harmonized with the goods and services tax (GST) to create the harmonized sales tax (HST). For the rest of this chapter, we refer to these provinces as the participating provinces.

As an employee, you may have incurred expenses in the course of your employment duties. Some of these expenses you paid may have included GST or HST. If you deducted these expenses from your employment income, you may be able to get a rebate of the GST or HST you paid on these expenses. Complete Form GST370, *Employee and Partner GST/HST Rebate Application*, and claim the rebate on line 457 of your income tax and benefit return. For more information, see the section called "How to complete Form GST370, *Employee and Partner GST/HST Rebate Application*" on page 25.

It is important for you to keep proper records to support your claim for a GST/HST rebate. For information on keeping records, see Chapter 1 on page 5, and Guide RC4409, *Keeping Records*.

How a rebate affects your income tax

When you receive a GST/HST rebate for your expenses, you have to include it in your income for the year you received it. Report the amount on line 104 of your income tax and benefit return. For example, if in 2011 you received a GST/HST rebate that you claimed for the 2010 tax year, you have to include it on line 104 of your 2011 return.

If any part of the GST/HST rebate is for a vehicle or musical instrument you bought, it will affect your claim for capital cost allowance in the year you receive the rebate. If this applies to you, reduce the undepreciated capital cost of your vehicle or musical instrument by the amount of the rebate at the beginning of the year in which you receive the rebate and do not include that part of the rebate on line 104 of your return. See the example which begins on page 28.

Do you qualify for the rebate?

As an employee, you may qualify for a GST/HST rebate if:

- you paid GST or HST on certain employment-related expenses and deducted those expenses on your income tax and benefit return; and
- your employer is a GST/HST registrant.

You **do not** qualify for a GST/HST rebate if your employer:

- is not a GST/HST registrant; or
- is a listed financial institution as defined in the *Excise Tax Act* (for example, an entity that was at any time during the year a bank, an investment dealer, a trust company, an insurance company, a credit union, or a corporation whose principal business was lending money).

Expenses that qualify for the rebate

You can only apply for a rebate of the GST or HST you paid on expenses that you deducted on your income tax and benefit return. You must have paid the GST or HST before claiming the rebate. Common examples of eligible expenses are described in chapters 2 to 8 of this guide.

Non-eligible expenses

Non-eligible expenses include the following:

- expenses on which you did not pay GST or HST, such as:
  - goods and services acquired from non-registrants (for example, small suppliers);
  - most expenses you incurred outside Canada (for example, gasoline, accommodation, meals, and entertainment);
  - certain expenses that you do not pay GST or HST on, such as basic groceries;
  - expenses that are not subject to GST or HST, including medical underwriting fees, insurance premiums, bonding premiums, mortgage interest, residential rents, interest, motor vehicle licence and registration fees, and salaries.
- expenses you incurred when your employer was not a GST/HST registrant;
- expenses that relate to an allowance you received from your employer that is not reported in Area C of the GST/HST rebate application—for example, an allowance that was not included in your income as a taxable benefit because it was a reasonable allowance;
- any personal-use part of an eligible expense;
- 50% of the GST/HST paid on eligible expenses for food, beverages, and entertainment (for long-haul truck drivers, 20% of the GST/HST paid on these expenses that were incurred during eligible travel periods); and
- an expense or part of an expense for which you were reimbursed or are entitled to be reimbursed by your employer.

Capital cost allowance

You can claim a GST/HST rebate based on the amount of capital cost allowance (CCA) you claimed on motor vehicles and musical instruments on which you paid GST or HST. If you claim CCA on more than one property of the same class, you have to separate the part of the CCA for the property that qualifies for the rebate from the CCA for the other property.

You cannot claim a rebate for CCA claimed on motor vehicles and musical instruments you bought before 1991, since you did not pay GST or HST on them.

In most cases, you cannot claim a GST/HST rebate on the CCA claimed on motor vehicles and musical instruments that relates to any allowance your employer paid you on those properties. However, you **can** claim a rebate if it relates to an allowance your employer reports in Area C of Form GST370. You **cannot** claim a rebate on CCA claimed on property for which you received a non-taxable allowance.

If you paid GST when you bought your motor vehicle or musical instrument in 2011, you can claim a rebate of 5/105 of the CCA you claimed on your tax return. If you paid HST, you can claim a rebate of 12/112, 13/113, or 15/115 of the CCA you claimed on your tax return, depending on which HST rate applied to the purchase.

In certain cases, you may have to do an additional calculation if you bought your motor vehicle or musical instrument in one province and brought the property into a participating province. For more information, see the section called “Situation 5 – Property and services brought into a participating province” on page 27.

Filing deadline

You should file your Form GST370, *Employee and Partner GST/HST Rebate Application*, with your income tax and benefit return for the year in which you deduct the expenses.

If you do not file your rebate application with your tax return, send it along with a letter to your tax centre. Include details such as your social insurance number and the tax year to which the application relates. You can find your tax centre address by going to **www.cra.gc.ca/wheretofile** or by calling us at **1-800-959-8281**.

If you do not file your rebate application when you file your return, you have up to four years from the end of the year to which the expenses relate to file an application. We use the calendar year in which you incur the expense to determine the four-year period for employees.

Rebate restriction

You can only file **one** Form GST370, *Employee and Partner GST/HST Rebate Application* for each calendar year.

You cannot get a rebate of an amount if:

- we previously refunded, remitted, or credited the tax to you;
- you received or are entitled to receive a rebate, refund, or remission under any other section of the *Excise Tax Act* or any other act of Parliament for the same expense;
- you received a credit note, or you issued a debit note, for an adjustment, refund, or credit that includes the amount; or
- the deadline for filing the rebate has passed.

Overpayment of a rebate

If you receive an overpayment of a GST/HST rebate, you have to repay the excess. We charge interest on any balance you owe.

How to complete Form GST370, *Employee and Partner GST/HST Rebate Application*

You must complete areas A, B, and D of Form GST370. If applicable, your employer has to complete Area C (see "Area C – Declaration by claimant's employer" on page 27 for more information). Use a separate form for each tax year.

Area A – Identification

The tax year of claim should be the same year as the tax return for which you are claiming the rebate.

Area B – Rebate calculation

Calculate your rebate based on the expenses you deducted on your income tax and benefit return. These expenses include GST and provincial sales tax, or HST, and tips (if the tips are included in your bill).

For eligible expenses on which you paid GST, you can claim a rebate of 5/105 of those expenses. For eligible expenses on which you paid HST, you can claim a rebate of 12/112, 13/113, or 15/115 of those expenses, depending on which HST rate applied to the purchase.

In certain cases, you may have to do an additional calculation if you bought property and services in one province and brought them into a participating province. For more information, see the section called "Situation 5 – Property and services brought into a participating province" on page 27.

Refer to the following situations to determine how to calculate your rebate based on your particular case. When you calculate your rebate, use only the expenses deducted on your return.

Situation 1 – The only expenses you deducted are union, professional, or similar dues

Not all union, professional, or similar dues that you claimed on line 212 of your return are subject to GST/HST. Your receipt for these dues should show whether GST/HST was charged. If these dues are the only expense you deducted, do not complete the charts on pages 2 and 3 of the form.

If you paid GST, enter on lines 1 and 3 of Area B the amount of the expense minus any amount you were reimbursed. Multiply the amount on line 3 by 5/105 and enter the result on line 4.

If you paid HST, enter in column 3B, 3C, and/or 3D of lines 5 and 7 of Area B the amount of the expense minus any amount you were directly reimbursed. Add the amounts from columns 3B, 3C, and 3D of line 7, and enter the total on line 8. Multiply the amounts from columns 3B, 3C, and 3D of line 7 by the corresponding HST rate and enter the results on lines 9, 10, and 11 respectively. Finally, add the amounts from lines 9, 10, and 11 and enter the result on line 12.

Note
Columns 3B, 3C, and 3D represent the HST rates for the participating provinces applicable to your situation.

Add lines 4 and 12, and enter the result on line 15. The amount on line 15 is your total rebate claim. Enter this amount on line 457 of your tax return. Do not forget to complete Area D.

Situation 2 – You deducted only GST expenses

Before completing Area B, complete Chart 1 and Chart 2 (if applicable) on pages 2 and 3 of the form to determine your total expenses that are eligible for the GST rebate.

Enter in column 1A of Chart 1 the employment expenses you deducted on your tax return. You calculated these amounts on Form T777, *Statement of Employment Expenses*, or on Form TL2, *Claim for Meals and Lodging Expenses*.

Also, if applicable, enter in column 1A of Chart 1 the union, professional, or similar dues you claimed on line 212 of your income tax and benefit return and on which you paid GST, minus any amount you were reimbursed. Your receipt for these dues should show whether GST was charged.

Do not enter any amount in the black areas of Chart 1, since these expenses are not eligible for the rebate.

Enter in column 2A of Chart 1 the amount of any expenses included in column 1A that is not eligible for the rebate. You will find a list of non-eligible expenses on page 24. For each expense, subtract the amount in column 2A from the amount in column 1A. Enter the result in column 3A. Total the expenses in column 3A, and enter the result in the "Total eligible expenses" box of column 3A.

If you deducted CCA for a motor vehicle or musical instrument and you paid GST, enter the total amount of this CCA in column 1A of Chart 2. If you claimed CCA for a motor vehicle or musical instrument, subtract any non-eligible CCA in column 2A from your total CCA in column 1A. Enter the result in column 3A.

Copy the "Total eligible expenses" amount from column 3A of Chart 1 and column 3A of Chart 2 to lines 1 and 2 respectively of Area B on the front of the form. Add line 1 and line 2 in Area B, and enter the result on line 3. Multiply line 3 by 5/105, and enter the result on line 4.

If Situation 5 described on page 27 does not apply to you, copy the amount from line 4 to line 15. This is your total rebate claim. Enter this amount on line 457 of your tax return. Do not forget to complete Area D.

Situation 3 – You deducted only HST expenses

Before completing Area B, complete Chart 1 and Chart 2 (if applicable) on pages 2 and 3 of the form to determine your total expenses that are eligible for the HST rebate.

Enter in column 1B, 1C, and/or 1D of Chart 1 (depending on the HST rate(s) applicable to you) the employment expenses you deducted on your tax return. You calculated these amounts on Form T777, *Statement of Employment Expenses*, or on Form TL2, *Claim for Meals and Lodging Expenses*.

Also, if applicable, enter in column 1B, 1C, and/or 1D of Chart 1 the union, professional, or similar dues you claimed on line 212 of your tax return, and for which you paid HST, minus any amount you were reimbursed. Your receipt for these dues should show whether HST was charged.

Do not enter any amount in the black areas of Chart 1, since these expenses are not eligible for the rebate.

Enter in column 2B, 2C, and/or 2D of Chart 1 the part of any expenses included in the applicable box of column 1 that is not eligible for the rebate. You will find a list of non-eligible expenses on page 24. For each expense, subtract the amount in column 2 from the corresponding amount in column 1. Enter the result in column 3B, 3C, and/or 3D as applicable. Total the expenses in column 3B, 3C, and/or 3D, and enter the result(s) in the appropriate "Total eligible expenses" box(es) of column 3.

If you deducted CCA for a motor vehicle or musical instrument and you paid HST, enter the total amount of this CCA in column 1B, 1C, and/or 1D of Chart 2. If you claimed CCA for a motor vehicle or musical instrument, subtract any non-eligible CCA in column 2B, 2C, and/or 2D as applicable from your total CCA in the corresponding row of column 1. Enter the result in column 3B, 3C, and/or 3D as applicable.

Copy the "Total eligible expenses" amount from column 3B, 3C, and/or 3D of Chart 1 to column 3B, 3C, and/or 3D of line 5 (depending on the HST rates applicable to your situation) of Area B on page 1 of the form. Copy the amount from column 3B, 3C, and/or 3D of Chart 2 to column 3B, 3C, and/or 3D of line 6 (depending on the HST rates that apply to your situation) of Area B on page 1 of the form. Add columns 3B, 3C, and 3D of line 5 and line 6 of Area B, and enter the results on the corresponding columns of line 7. Add the totals from the applicable columns on line 7, and enter the result on line 8. Multiply column 3B of line 7 by 12/112, and enter the result on line 9. Multiply column 3C of line 7 by 13/113, and enter the result on line 10. Multiply column 3D of line 7 by 15/115, and enter the result on line 11. Total lines 9, 10, and 11, and enter the result on line 12.

If Situation 5 described on page 27 does not apply to you, copy the amount from line 12 to line 15. This is your total rebate claim. Enter this amount on line 457 of your tax return. Do not forget to complete Area D.

Situation 4 – You deducted both GST and HST expenses

Before completing Area B, complete Chart 1 and Chart 2 (if applicable) on pages 2 and 3 of the form to determine the total expenses that are eligible for the GST and HST rebate.

You calculated your employment expenses using Form T777, *Statement of Employment Expenses*, or Form TL2, *Claim for Meals and Lodging Expenses*. Separate the expenses on which you paid GST from those expenses on which you paid HST. Enter the GST expenses in column 1A of Chart 1, and the HST expenses in column 1B, 1C, and/or 1D (depending on the HST rate(s) applicable to you) of Chart 1.

Also, if applicable, enter in column 1A, 1B, 1C, and/or 1D of Chart 1 the union, professional, or similar dues that you claimed on line 212 of your tax return and on which you paid the GST or HST, minus any amount you were reimbursed. Your receipt for these dues should show whether GST or HST was charged.

Do not enter any amount in the black areas, since these expenses are not eligible for the rebate.

Enter in column 2A, 2B, 2C, and/or 2D of Chart 1 the part of any expenses included in the applicable box of column 1 that is not eligible for the rebate. You will find a list of non-eligible expenses on page 24. For each expense, subtract the amount in column 2 from the corresponding amount in column 1. Enter the result in column 3A, 3B, 3C, and/or 3D as applicable. Total the expenses in column 3A, 3B, 3C, and/or 3D, and enter the result(s) in the appropriate "Total eligible expenses" box(es) of column 3.

If you deducted CCA for a motor vehicle or musical instrument on which you paid the GST/HST, enter the total amount of the CCA in column 1A, 1B, 1C, and/or 1D of Chart 2. If you claimed CCA for a motor vehicle or musical instrument, subtract any non eligible CCA in column 2A, 2B, 2C, and/or 2D as applicable from your total CCA in the corresponding row of column 1 (see example beginning on page 28). Enter the result in column 3A, 3B, 3C, and/or 3D as applicable.

Copy the "Total eligible expense" amount from column 3A of Chart 1 and column 3A of Chart 2 to lines 1 and 2 respectively of Area B on page 1 of the form. Add line 1 and line 2 in Area B, and enter the result on line 3. Multiply line 3 by 5/105, and enter the result on line 4.

Copy the "Total eligible expenses" amount from column 3B, 3C and/or 3D of Chart 1 to column 3B, 3C and/or 3D of line 5 (depending on the HST rates applicable to your situation) of Area B on page 1 of the form. Copy the amount from column 3B, 3C, and/or 3D of Chart 2 to column 3B, 3C and/or 3D of line 6 (depending on the HST rates that apply to your situation) of Area B on page 1 of the form. Add columns 3B, 3C, and 3D of line 5 and line 6 of Area B, and enter the results on the corresponding columns of line 7. Add the totals from the applicable columns on line 7, and enter the result on line 8. Multiply column 3B of line 7 by 12/112, and enter the result on line 9. Multiply column 3C of line 7 by 13/113, and enter the result on line 10. Multiply column 3D of line 7 by 15/115, and enter the result on line 11. Total lines 9, 10, and 11 and enter the result on line 12.

If Situation 5 described below does not apply to you, add lines 4 and 12, and enter the result on line 15. This is your total rebate claim. Enter this amount on line 457 of your tax return. Do not forget to complete Area D.

Situation 5 – Property and services brought into a participating province

You may be eligible to claim a rebate of 1/101, 2/102, 3/103, 7/107, 8/108, or 10/110 for eligible expenses deducted on your tax return for which you paid all or part of the applicable provincial part of HST separately. You may have paid all or part of the applicable provincial part of HST separately in situations where:

- you bought goods in one province and brought them into a participating province;
- you imported commercial goods from outside Canada into a participating province; or
- you had goods delivered or made available to you in a participating province, or sent by mail or courier to you at an address in a participating province from a non-registered non-resident of Canada.

If Situation 5 applies to you and you need help, call our business enquiries line at **1-800-959-5525**.

Situation 6 – The only expenses you deducted are tradesperson's tools expenses and/or apprentice mechanic tools expenses

If the only expenses you claimed on line 229 of your tax return were for the cost of tools bought as a tradesperson and/or an apprentice mechanic (see Chapter 7, which begins on page 14), and **neither** Situation 4 nor Situation 5 applies to you, do not complete the charts on pages 2 and 3 of Form GST370.

If you paid GST, enter on lines 1 and 3 of Area B the amount of the expense you claimed on line 229 of your tax return. Multiply the amount on line 3 by 5/105, and enter the result on line 4.

If you paid HST, enter in column 3B, 3C, and/or 3D of lines 5 and 7 of Area B the amount of the expense minus any amount you were directly reimbursed. Add the amounts from columns 3B, 3C, and 3D of line 7, and enter the total on line 8. Multiply the amounts from columns 3B, 3C, and 3D of line 7 by the corresponding HST rate, and enter the results on lines 9, 10, and 11 respectively. Finally, add the amounts from lines 9, 10, and 11, and enter the result on line 12.

> **Note**
> Columns 3B, 3C, and 3D represent the HST rates for the participating provinces applicable to your situation.

Add lines 4 and 12, and enter the result on line 15. The amount on line 15 is your total rebate claim. Enter this amount on line 457 of your tax return. Do not forget to complete Area D.

Area C – Declaration by claimant's employer

You may want to claim a rebate for expenses that relate to a taxable allowance. A taxable allowance will be included in box 40 of your T4 slip. If so, your employer or an authorized officer has to complete Area C. An authorized officer includes an immediate supervisor, controller, or office manager.

You cannot claim a rebate for expenses for which you received a non-taxable allowance. A non-taxable allowance is an allowance that was considered reasonable when it was paid.

Area D – Certification

Sign the certification area. If you don't, it may delay or invalidate your GST/HST rebate claim.

After completing your rebate application

After completing Form GST370, attach a copy to your income tax and benefit return, and enter the amount of your claim on line 457 of your tax return. Keep a copy of the completed form for your records.

Quebec sales tax rebate

Some of the expenses you paid to earn your employment income may have included Quebec sales tax (QST). If you deducted these expenses from your employment income, you may be able to receive a rebate of the QST you paid. This rebate also applies to the QST you paid on a musical instrument that you use to earn employment income. Claim the QST rebate on line 459 of your Quebec provincial tax return.

If the QST rebate is for your expenses, include the rebate in your income for the year you received it. Report the amount on line 104 of your federal income tax and benefit return.

If the QST rebate is for a vehicle or musical instrument you bought, it will affect your claim for capital cost allowance in the year you receive the rebate. If this applies to you, reduce the capital cost of your vehicle or musical instrument by the amount of the rebate. Do not include the rebate on line 104 of your federal tax return.

For more information about the QST rebate and Form VD-358-V, *Québec Sales Tax Rebate for Employees and Partners*, contact Revenu Québec.

Example

Sam is a commissioned salesperson who negotiates contracts for his employer in Ontario which has an HST rate of 13% (since July 1, 2010). Under his contract of employment, he has to pay his own expenses and is normally required to work away from his employer's place of business. His employer is a GST/HST registrant. Sam received a taxable allowance for the use of his motor vehicle (purchased in August of 2010) that is included on his T4 slip for 2011. Since the allowance is taxable, he can claim a rebate on certain expenses related to that allowance. His travel for work is restricted to Ontario and therefore all of his expenses are incurred within the province.

To calculate his employment expenses, he completed Form T777, *Statement of Employment Expenses*, as shown below and on the top of the following page. Because of space limitations, we have not reproduced the entire form.

Canada Revenue Agency Agence du revenu du Canada

STATEMENT OF EMPLOYMENT EXPENSES

Guide T4044, *Employment Expenses*, has information to help you complete this statement and the schedule on the back. The chapters we refer to below are chapters in the guide. Include a copy of this form with your return.

Expenses

Accounting and legal fees			8862			
Advertising and promotion			8520			
Allowable motor vehicle expenses (from line 16 below)			9281	11,917	81	1
Food, beverages, and entertainment expenses (see Chapter 2 or 3, as applicable)	1,559.68	x 50% =	8523	779	84	
Lodging			9200			
Parking			8910	178	25	
Supplies (for example, postage, stationery, other office supplies)			8810	623	13	
Other expenses (please specify)			9270			
Tradesperson's tools expenses (see Chapter 7)			1770			
Apprentice mechanic tools expenses (see Chapter 7)			9131			
Musical instrument expenses (see "Part 2" in Chapter 6)			1776			
Capital cost allowance for musical instruments (see "Part A" on the back of this form)			1777			
Artists' employment expenses (see "Part 1" in Chapter 6)			9973			
Subtotal				13,499	03	2
Add work-space-in-the-home expenses (enter the lower amount of line 24 or 25 below)			9945			
Total expenses (enter this amount on line 229 of your return)			9368	13,499	03	

Calculation of allowable motor vehicle expenses

Enter the kilometres you drove in the tax year to earn employment income				22,500		3
Enter the total kilometres you drove in the tax year				30,000		4
Enter the motor vehicle expenses you paid for:						
Fuel (gasoline, propane, oil)	3,230	55	5			
Maintenance and repairs	467	67	6			
Insurance	1,200	00	7			
Licence and registration	260	00	8			
Capital cost allowance (see schedule on the back)	8,797	50	9			
Interest (see "Interest expense" in Chapter 8)	1,850	19	10			
Leasing (see "Leasing costs" in Chapter 8)			11			
Other expenses (please specify) CAR WASHES	84	50	12			
Add lines 5 to 12	15,890	41	13			
Employment-use portion (line 3 22,500 / line 4 30,000) X line 13 =	11,917	81	▶	11,917	81	14
Enter the total of all rebates, motor vehicle allowances, and repayments for motor vehicle expenses you received that are not included in income. Do not include any repayments you used to calculate your leasing costs on line 11.						15
Allowable motor vehicle expenses (line 14 **minus** line 15)				11,917	81	16

Enter the amount from line 16 on line 1 in the "Expenses" area above.

Part B - Class 10.1

- For details about the Class 10.1 limits, see Chapter 9 of Guide T4044, *Employment Expenses.*
- List each passenger vehicle on a separate line.

Date acquired	Cost of vehicle	1 Class no.	2 Undepreciated capital cost at the beginning of the year	3 Cost of acquisitions during the year	4 Proceeds of disposition during the year	5 Base amount for capital cost allowance claim	6 Rate %	7 Capital cost allowance for the year (col. 5 X 6, or a lesser amount)	8 Undepreciated capital cost at the end of the year (col. 2 - 7, or col. 3 - 7)
12/10	32,000.00	10.1	29,325.00			29,325.00	30%	8,797.50	20,527.50
		10.1					30%		
		10.1					30%		
							TOTAL	8,797.50	

Sam is now ready to calculate his GST/HST rebate. To claim the rebate, he has to complete Form GST370, *Employee and Partner GST/HST Rebate Application*. Sam completes Area A. Before he can complete Area B, he has to complete Chart 1 of Form GST370 to calculate his HST eligible expenses. He also must complete Chart 2 because he is claiming CCA on his motor vehicle. Using the information in this guide, he calculates and reports the expenses not eligible for the rebate in column 2C of Chart 1. To calculate the **personal-use portion** of his motor vehicle expenses, Sam uses the fraction 7,500/30,000. This is the personal kilometres driven (30,000 – 22,500) over the total kilometres driven. He enters this non-eligible portion of CCA in column 2C of Chart 2. He completes Chart 1 and Chart 2 on his Form GST370 as follows:

Chart 1 – Eligible expenses (other than CCA) on which you paid GST/HST

Type of expenses	(1) Total expenses 5% GST A	(1) 12% HST B	(1) 13% HST C	(1) 15% HST D	(2) Non-eligible portion of expenses 5% GST A	(2) 12% HST B	(2) 13% HST C	(2) 15% HST D	(3) Eligible expenses (col. 1 minus col. 2) 5% GST A	(3) 12% HST B	(3) 13% HST C	(3) 15% HST D
Accounting and legal fees												
Advertising and promotion												
Food, beverages, and entertainment			779.84								779.84	
Lodging												
Parking			178.25								178.25	
Supplies			623.13								623.13	
Other expenses (please specify)												
Tradesperson's tools expenses (for employees)												
Apprentice mechanic tools expenses (for employees)												
Musical instrument expenses other than CCA												
Artists' employment expenses												
Union, professional, or similar dues												
Motor vehicle expenses: Fuel			3,230.55				807.64 *				2,422.91	
Maintenance and repairs			467.67				116.92 **				350.75	
Insurance, licence, registration, and interest												
Leasing												
Other expenses (CAR WASHES)			84.50				21.13 ***				63.37	
Work space in home												
Electricity, heat, and water												
Maintenance												
Insurance and property taxes												
Other expenses (please specify)												
Total eligible expenses (other than CCA) in each of columns 3A, 3B, 3C, and 3D											4,418.25	

Chart 2 – Capital cost Allowance (CCA) on which you paid GST or HST

	(1) Total expenses 5% GST A	(1) 12% HST B	(1) 13% HST C	(1) 15% HST D	(2) Non-eligible portion of expenses 5% GST A	(2) 12% HST B	(2) 13% HST C	(2) 15% HST D	(3) Eligible expenses (col. 1 – col. 2) 5% GST A	(3) 12% HST B	(3) 13% HST C	(3) 15% HST D
Capital cost allowance (CCA) on motor vehicles, musical instruments and aircraft			8,797.50				2,199.38 ****				6,598.12	

* $3,230.55 × (7,500/30,000) = $807.64

** $467.67 × (7,500/30,000) = $116.92

*** $84.50 × (7,500/30,000) = $21.13

**** $8,797.50 × (7,500/30,000) = $2,199.38

Sam did not enter any amounts in the black areas, since these expenses are not eligible for the rebate.

Sam copies the amounts from the “Total eligible expenses” lines of column 3C of Chart 1 to column 3C of line 5 in Area B of Form GST370, and column 3C of Chart 2 to column 3C of line 6 in Area B, and completes it as follows:

Area B – **Rebate calculation** (to be completed by claimant)						
GST rebate for eligible expenses on which you paid GST						
Eligible expenses, **other than CCA**, on which you paid GST (total of column 3A of Chart 1 on page 2 of this form)					1	
Eligible CCA on motor vehicles, musical instruments, and aircraft for which you paid GST (from column **3A** of Chart 2 on page 3 of this form)				+	2	
Total expenses eligible for the GST rebate (line 1 plus line 2)			6485	=	3	
Eligible GST – multiply line 3 by 5/105						4
HST rebate for eligible expenses on which you paid HST		**3B** – 12% HST	**3C** – 13% HST	**3D** – 15% HST		
Eligible expenses, **other than CCA**, on which you paid HST (totals of each of columns **3B**, **3C** and **3D** of chart 1 on page 2 of this form)			4,418.25		5	
Eligible CCA on motor vehicles, musical instruments, and aircraft for which you paid HST (**3B**, **3C** and **3D** of Chart 2 on page 3 of this form)	+		6,598.12		6	
Total (add lines 5 and 6 in each of columns **3B**, **3C** and **3D**)	=		11,016.37	11,016.37	7	
Total expenses eligible for the HST rebate (add the totals of columns **3B**, **3C** and **3D** together from line 7)			6487		8	
Multiply Column **3B** of line 7 by 12/112					9	
Multiply Column **3C** of line 7 by 13/113				1,267.37	10	
Multiply Column **3D** of line 7 by 15/115					11	
Total (add lines 9, 10 and 11). For more information to complete this section, see Guide RC4091 **or Guide** T4044 **.**					1,267.37	12
Total expenses eligible for the HST rebate (from line 4 in Chart 3 on page 3)			6486		13	
Rebate for property and services brought into a participating province Enter the result from line 11 of Chart 3 on page 3 of this form.						14
Employee and partner GST/HST rebate (add lines 4, 12 and 14). Enter the result on line 15, and enter that amount on line 457 of your income tax return.					1,267.37	15

Since Sam is claiming a rebate for his motor vehicle expenses for which he received a taxable allowance, an authorized officer of Sam’s employer has to complete and sign Area C.

Sam enters $1,267.37 on line 457 of his 2011 income tax and benefit return. He also attaches Form GST370 to his tax return.

On his 2012 tax return, Sam will include $508.29 ($4,418.25 × [13/113]) on line 104. This amount is the part of the rebate he will receive in 2012 that relates to eligible expenses other than CCA. He will then reduce his undepreciated capital cost (UCC) at the beginning of 2012 by $759.08 ($6,598.12 × [13/113]).

References

The following publications are available on our Web page at **www.cra.gc.ca/forms** or by calling **1-800-959-2221**.

Forms

T137 *Request for Destruction of Records*

T777 *Statement of Employment Expenses*

T2200 *Declaration of Conditions of Employment*

TL2 *Claim for Meals and Lodging Expenses*

GST370 *Employee and Partner GST/HST Rebate Application*

Guides

P105 *Students and Income Tax*

RC4110 *Employee or Self-employed?*

RC4120 *Employers' Guide – Filing the T4 Slip and Summary*

RC4409 *Keeping Records*

T4002 *Business and Professional Income*

Information circulars

IC73-21 *Claims for Meals and Lodging Expenses of Transport Employees*

IC78-10 *Books and Records Retention/Destruction*

Interpretation bulletins

IT-99 *Legal and Accounting Fees*

IT-352 *Employee's Expenses, Including Work Space in Home Expenses*

IT-357 *Expenses of training*

IT-518 *Food, Beverages and Entertainment Expenses*

IT-522 *Vehicle, Travel and Sales Expenses of Employees*

IT-525 *Performing Artists*

For more information

What if you need help?

If you need help after reading this publication, go to **www.cra.gc.ca/employmentexpenses** or call **1-800-959-8281**.

If we cannot resolve your enquiry by telephone, you can meet with an agent in person at a tax services office. Call us at the number listed above to make an appointment with an agent.

Forms and publications

To get our forms or publications, go to **www.cra.gc.ca/forms** or call **1-800-959-2221**.

Tax Information Phone Service (TIPS)

For personal and general tax information by telephone, use our automated service, TIPS, by calling **1-800-267-6999**.

Teletypewriter (TTY) users

TTY users can call **1-800-665-0354** for bilingual assistance during regular business hours.

Our service complaint process

Step 1 – Talk to us

If you are not satisfied with the **service** you have received from us, you can make a formal complaint. Before you do this, we recommend that you try to resolve the matter with the CRA employee you have been dealing with or call the phone number you have been given.

If you are not pleased with the way your concerns are being addressed, you can ask to discuss the matter with the employee's supervisor.

Step 2 – Contact CRA – Service Complaints

The CRA – Service Complaints program is available to individual and business taxpayers, as well as benefit recipients. This program gives you another level of review if you are not pleased with the results from the **first step** of our complaint process. Generally, service-related complaints refer to the quality and timeliness of work that we have performed.

To bring your complaint to the attention of CRA – Service Complaints, complete Form RC193, *Service-Related Complaint*, which you can get by going to **www.cra.gc.ca/complaints** or by calling **1-800-959-2221**.

Step 3 – Contact the Taxpayers' Ombudsman

If, **after following steps 1 and 2**, you are still not satisfied with our service, you can file a complaint with the Office of the Taxpayers' Ombudsman.

For information about the Taxpayers' Ombudsman and how to file a complaint, please visit **www.oto-boc.gc.ca**.

Your opinion counts

If you have any comments or suggestions that could help us improve our publications, we would like to hear from you. Please send your comments to:

Taxpayer Services Directorate
Canada Revenue Agency
750 Heron Road
Ottawa ON K1A 0L5