Ontario Works Policy Directives

4.5 Motor Vehicles

Legislative Authority

Section 7(3) of the Act.

Section 39 and 62(3) of Regulation 134/98.

Audit Requirements

All motor vehicles are noted as assets, exceptions to these assets and transfer of such assets are documented and on file.

Asset levels for motor vehicles are adhered to and transfer of asset rules are applied consistently and fairly in accordance with provincial standards.

Random file reviews are completed to ensure that the above information is documented and filed accordingly.

Application of Policy

If an applicant declares at application that he/she has a motor vehicle, the ownership is viewed and documented, including the name of the vehicle's owner.

One motor vehicle of any value is exempt as an asset.

Additional motor vehicles are exempt as assets up to a maximum value of $15,000 each if the applicant or recipient can show that each additional vehicle is required to enable other members of the benefit unit to participate in employment assistance activities or to maintain employment.

Where the non-exempt value attributed to the vehicle, combined with the value of other assets the benefit unit may have, is above the asset limit for the benefit unit, the recipient will have six months to sell the vehicle. After six months, if the vehicle has not been sold, the vehicle will be considered as an asset.

When a vehicle is sold, any amount which does not result in the person exceeding the allowable asset limit, or which is used to purchase an exempt asset, is exempt as income (see Directive 5.1: Income and Exemptions for more information). Otherwise, the income charge is the amount that exceeds the allowable asset limit for the benefit unit.

A leased vehicle does not have equity, cannot be converted to cash, and is not considered an asset.

A portion of a loan may be deemed exempt as an asset if it is applied or will be applied to the purchase of an exempt motor vehicle.

A motor vehicle that is inoperative (e.g., a vehicle without a motor) is not considered an asset.

The Administrator may determine whether a boat, trailer, motorcycle, all terrain vehicle, or snowmobile is reasonable and necessary and therefore exempt under the motor vehicle asset exemption.

The Administrator may exercise flexibility for an Ontario Works applicant or recipient residing in a northern (north of the 50^{th} parallel without year round road access) or First Nation community to exempt assets regarding motor vehicles required to enable participation in cultural activities and/or to pursue employment (see Directive 4.1: Summary of Assets for more information).

Determination of the Asset Amount

The following steps should be taken to determine the asset value of a vehicle:

1. Determine the Vehicle's Value

- The Canadian Red Book should be used as a guide to determine the value of a vehicle. The Red Book, which is updated monthly, contains a comprehensive list of all cars and light duty trucks (1986 to present). The Canadian Red Book is published by Canadian Red Book Inc. and can be ordered through the company's website at www.canadianredbook.com
- The wholesale value listed in the Red Book is the amount that should be used to determine a vehicle's value.
- Where the Canadian Red Book is not available, the Administrator shall determine the value of the vehicle based on local market research of the value of similar vehicles.
- If the vehicle is older than the most current Red Book listings and the value of the listed vehicle of similar make is less than the maximum of $15,000, then the vehicle is exempt as an asset.

2. Deduct Loans and Encumbrances

- If the value of the vehicle is more than $15,000, any loans or encumbrances against the vehicle should be deducted from its value.

3. Deduct a Depreciation Amount

- As the value of a vehicle may depreciate considerably over time, an additional deduction of $500 should be applied to reflect the vehicle's depreciation.
- After deducting any loans, encumbrances and depreciation, any portion of the value of a vehicle over the maximum of $15,000 should be considered an asset.
- Applicants or participants will have a six-month grace period in which to sell the vehicle before it is considered an asset for calculating assistance.

Examples

Example 1:

In the seventh month of continuous assistance, the asset amount of the vehicle is calculated as follows:

Example 1 - Asset Amount of Vehicle	($)
Car value (Wholesale value in Red Book)	18000
Less loan balance	-1500
Subtotal	16500
Less an amount for depreciation	-500
Net value	16000
Less threshold	-15000
Amount of Asset	1000

Example 2:

A recipient, with a spouse and one dependent, has two vehicles. Both vehicles are used to participate in employment assistance activities. The recipient has been receiving assistance for six continuous months. The asset amount of the vehicle using Example 1 above is determined to be $1,000. The recipient has no other assets and the asset limit for the benefit unit is $5,000.

By the seventh month, the secondary vehicle is sold and no funds are used to purchase an exempt asset. The income charge for the reporting period is:

Example 2 - Treatment of Asset	($)
Selling price	18000
Less loan repayment	-1500
Net value/gain	16500
Less allowable asset limit	-5000
Income charge	11500

Example 3:

Same as Example 2 except recipient purchased another vehicle worth $9,000 in the same month the secondary vehicle was sold. The income charge for the reporting period is:

Example 3 - Treatment of Asset	($)
Selling price	18000
Less loan repayment	-1500
Net value	16500
Less purchase price of new vehicle	-9000
Net gain	7500
Less allowable asset limit	-5000
Income Charge	2500