Employers' Guide

Taxable Benefits and Allowances

Available electronically only

4130( ). 19

What's new?

We list the service enhancements and major changes below, including announced income tax changes that are not yet law at the time this guide was published. If they become law as proposed, they will be effective for 2019 or as of the dates given. For more information about these changes, see the areas outlined in colour in this guide.

Municipal officer's expense allowance

For 2019 and later tax years, the full amount of the non-accountable allowances paid to elected officers will be included in their income. For more information, see page 28.

Table of contents

If you are a GST / HST registrant, you may have to remit the GST / HST for the taxable benefits you provide to your employees. For more information, see "Chapter 5 – Remitting the GST / HST on employee benefits."

Note
The GST / HST rates used in this guide are based on the current rates set under the Excise Tax Act and its regulations for taxable benefits provided in the 2019 tax year.

Calculate payroll deductions

After you calculate the value of the benefit, including any taxes that may apply, add this amount to the employee's income for each pay period or when the benefit is received or enjoyed. This gives you the total amount of income from which you have to make payroll deductions. You then withhold deductions from the employee's total pay in the pay period in the normal manner. The deductions you withhold, especially the employment insurance (EI) premiums, will depend on whether the benefit you provide is cash, non-cash, or near-cash.

Note
If you provide your employee with a monthly taxable benefit, you may include a prorated value in your employee's income in each pay period in the month.

Cash benefits

Cash benefits include such things as:

- physical currency
- cheques
- direct deposit

Canada Pension Plan (CPP) – When a cash benefit is taxable, it is also pensionable. This means you have to deduct CPP contributions from the employee's pay. It also means that you have to pay your employer's share of CPP to the Canada Revenue Agency (CRA).

If the employment0 5.22 45 412.86 Tm /C2_0 1u0.00140 -1.2eP

For more information on calculating payroll deductions, go to canada.ca/payroll or see Guide T4001, Employers' Guide – Payroll Deductions and Remittances.

Benefits chart

Use the "Benefits chart" on page 43 to find out if you should deduct CPP contributions and EI premiums on the taxable amounts, and which codes to use to report the taxable amounts on an employee's T4 slip. The chart also shows whether to include GST / HST in the value of the benefit for income tax purposes.

File an information return

If you are an employer, report the value of the taxable benefit or allowance on a T4 slip in box 14, "Employment income." Also report the value of the taxable benefit or allowance in the "Other information" area at the bottom of the employee's slip and use code 40, unless we tell you to use a different code.

If you are a third-party payer providing taxable benefits or allowances to employees of another employer, report the benefits in the "Other information" area at the bottom of the T4A slip. Use the code provided for the specific benefit.

Example

Benefit for motor vehicles not defined as an automobile,"
on page 13.

An automobile does not include:

- an ambulance

Exceptions

An employee's travel between home and a regular place of employment may be "business" related (and not a taxable benefit) if either of the following applies:

-

1) Your automobile costs

The cost of your automobile for determining the standby charge is the total of the following two amounts:

- the cost of the automobile when you bought it, including options, accessories, and the GST / HST and PST, but not including any reduction for a trade-in
- the cost of additions (including the GST / HST and PST) you made to the automobile after you bought it (that you add to the capital cost of the automobile to calculate the deduction for depreciation)

Note
Where the automobile was purchased from a non-arm's length person, the cost is generally equal to the fair market value when you bought it, including options and GST / HST or PST.

Specialized equipment you add to the automobile to meet the requirements of a disabled person or for employment (such as cellular phones, two-way radios, heavy-duty suspension, and power winches) are not considered to be part of the automobile's cost for purposes of calculating the standby charge.

If you operate a fleet or pool of automobiles, go to the heading "Fleet operations" below.

2) 30 day periods

When you divide the total days

Each employee can then write to any tax services office or tax centre and ask us to adjust their income tax and benefit returns for those years.

A lump sum payment you receive from the lessor at the end of a lease is considered to be a terminal credit. When

Example

In 2019, you provided your employee with an automobile. She drove 30,000 kilometres during the year, with 10,000 kilometres for personal use.

You paid $3,000 in costs associated with maintenance, licences, and insurance.

Calculate the part of the operating expenses that relates to her personal use of the automobile as follows:

- your employee is on call to respond to emergencies

Rates for previous tax years can be found in older versions of this guide or in section 7306 of the Income Tax Regulations.

Per-kilometre allowance rates that are not considered reasonable

If you pay your employee an allowance based on a per-kilometre rate that is not considered reasonable (because it is either too high or too low), it is a taxable benefit and has to be included in the employee's income.

Flat-rate allowance

If you pay your employee an allowance based on a flat rate that is not related to the number of kilometres driven, it is a taxable benefit and has to be included in the employee's income.

Combination of flat-rate and reasonable per-kilometre allowances

If you pay your employee an allowance that is a combination of flat-rate and reasonable per-kilometre allowances that cover the same use for the vehicle, the total combined allowance is a taxable benefit and has to be included in the employee's income.

Example 1
You pay an allowance to your employee as follows:

- a flat per-diem rate to offset the employee's fixed expenses for each day the vehicle is required
- a reasonable per-kilometre rate for each kilometre driven to offset the operating expenses

The flat per-diem rate compensates the employee for some of the same use on which the reasonable per-kilometre allowance is based. That is, the fixed expenses incurred by the employee to operate the vehicle.

The combined amount is considered one allowance and therefore taxable, since it is not based only on the number of kilometres the vehicle is used for employment purposes.

Example 2
You pay an allowance to your employee as follows:

- a flat-rate per month for travel inside the employment district
- a reasonable per-kilometre rate for employment-related travel outside the employment district

Since the flat-rate allowance does not cover any of the same use of the vehicle on which the reasonable per-kilometre allowance is based, the allowances are considered separately.

The reasonable per-kilometre allowance paid for travel outside the district is not included in income. The amount based on a flat-rate paid for travel inside the district is taxable, since it is not based only on the number of kilometres for which the vehicle is used in connection with the employment.

Only the total of the monthly flat-rate allowance has to be reported in box 14, "Employment income," and in the "Other information" area under code 40 at the bottom of the employee's T4 slip.

Reimbursement or advance for travel expenses

A reimbursement is a payment you make to your employees as a repayment for amounts they spent (such as gas and meals) while conducting your business. Generally, the employee completes a c5Tc -0yee outside tnd mes4.361 0 Td [(or ex

Reducing tax deductions at source on automobile or motor vehicle allowances

In many cases, allowances that are not based only on a reasonable per-kilometre rate can later be substantially offset by the employees' expense deductions on their income tax and benefit returns. In these situations, employees can ask to reduce their tax deductions on their remuneration by filling out and sending in a Form T1213, Request to Reduce Tax Deductions at Source, or a written request to any tax services office along with the following information:

- the type of employment for which the employee will receive the allowance
- an estimate of the total vehicle allowances the employee will receive in the year
- an estimate of the business kilometres the employee will drive in the year
- an estimate of the employee's vehicle expenses for the year
- the amount for which the employee is requesting the waiver

If you have a number of employees in the same situation, you can get a bulk waiver for the group. This way, every employee does not have to make an individual request.

Reporting automobile or motor vehicle allowances on the T4 slip

If you provide an allowance that we consider to be taxable to your employee, you have to enter the yearly total of this allowance in box 14, "Employment income," and in the "Other information" area under code 40 at the bottom of the employee's T4 slip. Do not report any amount that we do not consider to be taxable.

Chapter 3 – Other benefits and allowances

Aircraft Benefits

If you give your employee access to an aircraft for personal purposes, the employee receives a taxable benefit. You have to add to the employee's salary the fair market value of the benefit, minus any amount the employee paid. The value of the benefit is determined on the basis of what is reasonable in relation to the facts of the case and the manner in which the aircraft is used.

Note
If the special work site is in a prescribed zone, see "Board, lodging, and transportation at a special work site in a prescribed zone," on page 36.

Special work sites

Generally, a special work site is an area where temporary duties are performed by an employee who keeps a self-contained domestic establishment at another location as their principal place of residence. Because of the distance between the two areas, the employee is not expected to return daily from the work site to their principal place of residence.

Note
A self-contained domestic establishment (SCDE) is a house, apartment, or other similar place of residence where a person usually sleeps and eats. It is generally a living unit with restricted access that contains a kitchen, bathroom, and sleeping facilities. The SCDE must be separate from any other living unit in the same building. A room in a hotel, dormitory, boarding house, or bunkhouse is not ordinarily considered to be a SCDE.

Usually, the GST / HST and PST applies on meals and accommodations you provide to an employee. In certain cases, such as long-term residential accommodation of one month or more, no GST / HST and PST applies. Where the GST / HST and PST does apply, include it in the value of the benefit.

Board and lodging at a special work site

You can exclude from income the value of board and lodging, or an allowance (not in excess of a reasonable

Board and lodging at a remote work location

You can exclude from income the value of board and lodging, or an allowance (not in excess of a reasonable amount) for board and lodgin

Counselling services

The fees you pay to provide services such as financial counselling or income tax preparation for an employee are usually considered a taxable benefit.

Employee counselling services are not taxable if they are for one of the following:

- an employee's re-employment
- an employee's retirement
- an employee's mental or physical health (such as counselling for tobacco, drug, or alcohol abuse, stress management or employee assistance programs) or that of a person related to an employee

  Note
  This does not include amounts for using recreational or sporting facilities and club dues.

Disability-related employment benefits

If you provide benefits or allowances to an employee who has a disability, such as transportation costs or attendant services, the benefits may not be taxable.

Reasonable transportation costs between an employee's home and work location (including parking near that location) are not taxable if you pay them to or for an employee to whom either of the following applies:

- is legally blind
- has a severe and prolonged mobility impairment, which markedly restricts the individual's ability to perform a basic activity of daily living—generally, someone who is eligible to claim the disability tax credit

These transportation costs can include an allowance for taxis or specially designed public transit and parking that you provide or subsidize for these employees.

You may have employees with severe and prolonged mental or physical impairments. If you provide reasonable benefits for attendants to help these employees perform their duties of employment, these benefits are not taxable for the employee. The benefits can include readers for persons who are blind, signers for persons who are deaf, and coaches for persons who are intellectually impaired.

Payroll deductions

If you exclude a disability-related employment benefit from income, it is not a taxable benefit. Do not deduct CPP

If you provide free or subsidized school services in remote areas for your employee's children, the employee does not receive a taxable benefit. Do not deduct CPP contributions, EI premiums, or income tax on these amounts.

> Note
> This does not include an educational allowance or educational costs you pay directly to your employee, as explained elsewhere in this section.

Scholarships, bursaries, tuition, and training

Employee

You may provide an employee, or former employee, with a scholarship or bursary on the condition that the employee returns to employment with you on completing the course. In this situation, the amount of the scholarship or bursary is considered to be employment income for the employee or former employee.

You have to report on a T4 slip any scholarships, fellowships, or bursaries you gave to an employee if they primarily benefit the employee. If you get any questions from your employee about the non-cash. However, we have an administrative policy that exempts non-cash gifts and awards in some cases.

Cash and near-cash gifts or awards are always a taxable benefit for the employee. A near-cash item is one that functions as cash, such as a gift certificate or gift card, or an item that can be easily converted to cash, such as gold nuggets, securities, or stocks. For more information, see “

Rules for gifts and awards” and “Policy for non-cash gifts and awards,” on page 21.

Housing or utilities – benefit

If you provide an employee, including the superintendent of an apartment block, with a house, apartment, or similar accommodation rent free or for less than the fair market value (FMV) of such accommodation, there is a taxable benefit for the employee.

You have to estimate a reasonable amount for the housing benefit. It is usually the FMV for the same type of accommodation, minus any rent the employee paid.

In addition, the amount you pay on behalf of, or reimburse to your employee for utilities (such as telephone, hydro, natural gas, water, cable or internet) is also a taxable benefit. This is the amount that you include in the employee's income as a utilities benefit.

If the employee occupies the accommodation for at least one month, the value of the accommodation is usually not subject to the GST / HST.

Special circumstances that reduce the value of a housing benefit

The following two factors may reduce the value of a housing benefit you provide to your employee:

- Suitability of size
  Your employee may have to occupy an accommodation that is larger than they need (such as a single person in a three-bedroom house). To calculate the taxable housing benefit, you can reduce the value of the accommodation to equal the value of accommodation that is appropriate to your employee's needs (in this case, a one or two bedroom apartment or house).

  Note
  If the accommodation you provide is smaller than your employee needs, we cannot allow any reduction in value.

-

Note
Although the clergy residence deduction and the utilities share of the benefit can be excluded from income for the purpose of calculating tax deductions and CPP, you still have to report it on your employee's T4 slip. Special rules apply if you pay for utilities (or provide them) for a member of the clergy. For more information, see "Code 30 – Board and Lodging" in Chapter 2 of Guide RC4120, Employers' Guide – Filing the T4 Slip and Summary.

For more information, see Interpretation Bulletin IT-141, Clergy Residence Deduction.

Income maintenance plans and other insurance plans

Employers may offer various types of insurance plans to employees. The tax treatment of employer-paid premiums or contributions to these plans may differ depending on the nature of the plan, the type of benefits offered, and whether the plan is offered to individual employees (a non-group plan) or a group of employees (a group plan).

Non-group plans

The premium or contribution is a taxable benefit if you pay it to a non-group plan that is:

- a sickness or accident insurance plan
- a disability insurance plan
- an income maintenance insurance plan

Group sickness or accident insurance plans

Effective January 2013, premiums or contributions you pay to a group sickness or accident insurance plan are a taxable benefit to your employee, unless it is in respect of a wage-loss replacement benefit payable on a periodic basis (not lump-sum). Examples of plans where the premium is a taxable benefit include, but are not limited to, accidental death and dismemberment and critical illness insurance.

Include the taxable benefit in box

Treat the outstanding balance as a new loan on that date. To calculate the benefit, use the prescribed rate in effect at that time.

Home-relocation loans

A home-relocation loan is a loan you give to an employee or an employee's spouse or common-law partner when they meet all of the following conditions:

- The employee or the employee's spouse or common-law partner moves to start work at a new location in Canada.
- The employee or the employee's spouse or common-law partner uses the loan to buy a new residence that is at least 40 kilometres closer to the new work location than the previous home.
- The employee or the employee's spouse or common-law partner receives the loan because of the employee's employment.
-

- The employee works two or more hours of overtime right before or right after their scheduled hours of work.
- The overtime is not frequent and is occasional in nature (usually less than three times a week).

If overtime occurs frequently or becomes the norm, we consider the overtime meals or allowances to be a taxable benefit, since they start to take on the characteristics of additional remuneration.

For examples of situations where overtime meals, or allowances for overtime meals, are considered taxable to claim some of the moving expenses when filing their income tax and benefit return.

For more information on the deduction for moving expenses that is available to your employees, see Income Tax Folio S1-F3-C4, Moving Expenses, and Form T1-M, Moving Expenses Deduction.

Housing loss

If you pay or reimburse your employee for a housing loss, the amount is a taxable benefit for the employee.

However, there is an exception for amounts paid for an eligible housing loss. Generally, in these situations, only half of the amount that is more than $15,000 is taxable.

Note
If you spread the payment over two years, you will need to include an amount on your employee's T4 slip for each year. Example 2 below shows how to calculate the taxable benefit.

Example 1
In March 2019, you compensated Clara, your employee, for a $40,000 loss she incurred on the sale of her house. The loss was an eligible housing loss. Clara started to work at her new workplace in June 2019.

The taxable benefit you will report on Clara's 2019 T4 slip will be $12,500, calculated as follows:

1 / 2 × ($40,000 – $15,000)

Example 2
In June 2018, you agreed to compensate Paul, your employee, for any eligible housing loss that he incurred on the sale of his house. Paul started to work at his new work location on December 1, 2018.

Paul's eligible housing loss amounted to $65,000. You paid out the compensation in two payments: $30,000 in September 2018 and $35,000 in February 2019.

Paul's taxable benefit in 2018 was $7,500 (half of the amount paid in 2018 that is more than $15,000).

Paul's taxable benefit in 2019 is $17,500. This is calculated as follows:

- half of the total of amounts paid in 2018 and 2019 that is more than $15,000 (1 / 2 × [$65,000 – $15,000] = $25,000)

minus

- the amount included in income in 2018 ($7,500)

For more information on housing losses, see Income Tax Folio S2-F3-C2, Benefits and Allowances Received from Employment.

Non-accountable moving allowances

A non-accountable moving allowance is an allowance for which an employee does not have to provide details or submit receipts to justify amounts paid. We consider a non-accountable moving allowance for incidental relocation or moving expenses of $650 or less to be a reimbursement of expenses that the employee incurred because of an employment-related move. Therefore, this type of allowance is not taxable. For us to consider it as a reimbursement for incidental expenses, the employee has to certify in writing that they incurred expenses for at least the amount of the allowance, up to a maximum of $650.

Do not report the amount of the reimbursement. Report any part of the non-accountable moving allowance that is more than $650

We do not require you to include a benefit in your employee's income in the following situations:

- A business operates from a shopping centre or industrial park where parking is available to both employees and other people.
- You provide scramble parking (there are significantly fewer spaces available than there are employees who want parking). For more information on scramble parking, go to canada.ca/cra-parking.

  Note
  If you provide enough parking spaces for all employees who want parking, but do not assign the parking spaces to individual employees, this is not scramble parking. You must add the benefit to the employee's remuneration.

To determine if an employee has received a benefit, the facts of each case must be examined. If you are not sure if employer-provided parking is a taxable benefit, contact us.

You can answer a series of questions on our Web site to help you determine if there is a taxable benefit. For more information, go to canada.ca/cra-parking.

Pooled registered pension plans (PRPP)

Contributions you make to a PRPP for your employees are not a taxable benefit if the plan has been accepted for registration by the Minister of National Revenue and that registration has not been revoked. Do not include these contributions in your employees' employment income.

On the other hand, if you contribute to a plan that is registered under the Pooled Registered Pension Plan Act or a similar provincial act and not with the Minister of National Revenue, your contributions are a taxable benefit. They are considered to be paid in cash and are taxable, pensionable, and insurable. Deduct income tax, CPP contributions, and EI premiums.

For more information about PRPPs, go to canada.ca/taxes-pooled-registered-pension-plan.

Power saws and tree trimmers

If you are an employer in the forestry business, you may have employees who, according to their contracts, have to use their own power saws or tree trimmers at their own expense.

Rental payments you make to employees for the use of their own power saws or tree trimmers are taxable benefits, and should be included in their income on a T4 slip. Their income should not be reduced by the cost or value of saws, trimmers, parts, gasoline, or any other materials the employee supplies.

Premiums under provincial hospitalization, medical care insurance, and certain Government of Canada plans

You may be paying premiums or contributing to a provincial or territorial hospital or medical care insurance plan for an employee. The amount you pay is considered a taxable benefit for the employee. Report this benefit in box 14, "Employment income," and in the "Other information," area under code 40 at the bottom of the employee's T4 slip. If you have to make payments to such a plan for amounts other than premiums or contributions for the employee, they are not considered a taxable benefit for the employee.

If you are the former employer of an employee who has retired, any amount you pay as a contribution to a provincial or territorial health services insurance plan for the retired employee is a taxable benefit.

Report this benefit under code 118, "Medical premium benefits," in the "Other information" area at the bottom of the T4A slip.

Any amount that the federal government pays for premiums under a hospital or medical care insurance plan for its employees and their dependants serving outside Canada is a taxable benefit. This also applies to dependants of members of the Royal Canadian Mounted Police and the Canadian Forces serving outside Canada.

Private health services plan premiums

If you make contributions to a private health services plan (such as medical or dental plans) for employees, there is no taxable benefit for the employees.

> Note
> Employee-paid premiums to a private health services plan are considered qualifying medical expenses and can be claimed by the employee on their income tax and benefit return.

Include the amounts that the employee paid on a T4 slip in the "Other information" area under code 85. The use of code 85 is optional. If you do not enter code 85, we may ask the employee to provide supporting documents.

Use the T4A slip to report these amounts for former employees or retired employees. Enter the amount under code 135, "Recipient-paid premiums for private health services plans," in the "Other information" area at the bottom of the T4A slip.

For more information on private health services plans, go to canada.ca/en/revenue-agency/news/whats-new/new-position-on-private-health-services-plans-questions-answers and see Interpretation Bulletin IT-339, Meaning of 'private health services plan' (1988 and subsequent taxation years).

Professional membership dues

If you pay professional membership dues for your employee and you are the primary beneficiary of the payment, there is no benefit for the employee.

Whether you or the employee is the primary beneficiary is a question of fact. If you pay or reimburse professional membership dues because membership in the organization or association is a condition of employment, we consider you to be the primary beneficiary and there is no taxable benefit for the employee.

When membership is not a condition of employment, you, as the employer, are responsible for determining the primary beneficiary. You have to be prepared to justify your position if we

Many employers grant options to their employees as a form of compensation. These options give the employee of the employer or of a qualifying person with which the employer does not deal at arm's length, the right to acquire a security of the employer, or a security of another qualifying person with which the employer does not deal at arm's length.

Generally, options issued to employees will be provided under one of the following three types of plans:

Employee stock purchase plan (ESPP) – This plan allows the employee to acquire shares at a discounted price, (i.e., for an amount that is less than the value of the stock at the time of the acquisition of the shares). Many ESPPs provide for a delay in the acquisition of the shares: an employee contributes a certain amount over a period of time and, at pre-specified periods, the employee can purchase shares at a discount using the accumulated contributions. The benefit is equal to the value of the shares, minus the amount paid.

Stock bonus plan – Under this plan, an employer agrees to give the shares to the employee free of charge. In effect, the employer agrees to sell or issue shares to the employee for no cost.

Stock option plan – This plan allows the employee to purchase shares of the employer's company or of a non-arm's length company at a pre-determined price.

Taxable benefit

When a corporation agrees to sell or issue its shares to an employee, or when a mutual fund trust grants options to an employee to acquire trust units, the employee may receive a taxable benefit. Generally, the employee receives the taxable benefit in the same year they acquire the shares or units, or otherwise disposes of their rights under the option agreement. However, when certain conditions are met, the taxable benefit is deferred until the year the employee disposes of the shares. For more information, refer to "Security options deduction for the disposition of shares of a Canadian-controlled private corporation – Paragraph 110(1)(d.1)."

The taxable benefit is the difference between the fair market value (FMV) of the shares or units when the employee acquired them and the amount paid, or to be paid, for them, including any amount paid for the rights to acquire the shares or units. Also, a benefit can accrue to the employee if their rights under the agreement become vested in another person, or if they transfer or sell the rights.

The shares or trust units are considered to be acquired when legal ownership of the shares or units has been transferred and the vendor has entitlement to receive payment. In general, this would occur where the shares or units have been transferred to the employee / broker and paid for.

Include this benefit in box 14, "Employment income," and in the "Other information" area under code 38 at the

Security options deduction – Paragraph 110(1)(d)

The employee can claim a deduction under paragraph 110(1)(d) of the Income Tax Act if all of the following conditions are met:

- a qualifying person agreed to sell or issue to the employee shares of its capital stock or the capital stock of another corporation that it does not deal with at arm's length, or agreed to sell or issue units of a mutual fund trust
- the employee dealt at arm's length with these qualifying persons right after the agreement was made
- if the security is a share, it is a prescribed share (as defined in the Income Tax Regulations) and if it is a unit, it is a unit of a mutual fund trust
- the price of the share or unit is not less than its fair market value when the agreement was made
-

Tickets

Whether a ticket is a taxable benefit to the employee depends on whether the ticket is provided for personal or business use. Each case is different.

Generally, the value of tickets is considered a taxable benefit when an employer gives an employee tickets for personal use unless it is being given under the terms of the gifts and awards policy. This would also be the case if the employer gives tickets to a person with whom the employee does not deal at arm’s length (such as a family member) for a non-business use.

There is no taxable benefit to an employee for the value of for the employee. For example, if a city owns a transit company, the FMV of a pass given to a current employee in the city's accounting department would be a taxable benefit, while a pass given to a current employee in the accounting department of the transit business operations would not be a taxable benefit.

For examples of situations where transit passes are considered taxable benefits, go to canada.ca/en/revenue-agency/services/tax/businesses/topics/payroll/benefits-allowances/provided/examples-employees-transit-companies.

Travel allowance

Part-time employee

You may give a part-time employee a reasonable allowance or reimbursement for travelling expenses incurred by the employee going to and from a part-time job. If so, and you and the part-time employee are dealing at arm's length, you do not have to include that amount in the employee's income. This applies to:

- teachers and professors who work part-time in a designated educational institution in Canada, providing service to you as a professor or teacher, and the location is not less than 80 kilometres from the employee's home
-

If you pay an allowance to your employee for the cost of protective clothing and did not require receipts to support the purchases, the allowance is not a taxable benefit if all of the following conditions apply:

- by law, the employee has to wear the protective clothing on the work site
- the employee used the allowance to buy protective clothing
- the amount of the allowance is reasonable

You may pay a laundry or dry cleaner to clean uniforms and protective clothing for your employee or you may pay a reasonable allowance to your employee (when they do not have to provide a receipt). You may also reimburse the employee for these expenses when they present a receipt. If you do either of these,

Note
If more than one empl

For a T4 slip, enter the entire travel assistance benefit under code 32 in the “Other information” area. Enter the medical part under code 33.

For a T4A slip, enter the entire travel assistance benefit under code 028 “Other income,” in the “Other information”

The Canada Revenue Agency is responsible for administering the GST / HST. In Quebec, Revenu Québec administers the GST / HST unless you are a person that is a selected listed financial institution (SLFI) for GST / HST or QST purposes or both. If the physical location of your business is in Quebec, contact Revenu Québec, at 1-800-567-4692. Also see the Revenu Québec publication IN-203, General Information Concerning the QST and the GST / HST, available at revenuquebec.ca/en.

Employee benefits

Salaries, wages, commissions, and other cash remuneration (including gratuities) you make to employees are not being used only in non-commercial activities of the business (see Note below)

- You are not a financial institution and you lease the passenger vehicle or aircraft which you use 50% or more in non-commercial activities of the business, and you choose to treat it as being used 90% or more in such non-commercial activities (see Note below)

Note
To make this choice, fill out Form GST30, Election for Passenger Vehicles or Aircraft to be Deemed to be Used Exclusively in Non-Commercial Activities, or state in writing the information required on the form. You do not have to file this form or statement, but you have to keep it with your records for audit purposes. For more information about this election, contact us at 1-800-959-5525.

How to calculate the amount of the GST/HST you are considered to have collected

The amount of the GST / HST you are considered to have collected on a taxable benefit is based on a percentage of the value of the benefit for GST / HST purposes. The percentage rate you use depends on:

- the province or territory in which the employee ordinarily reported to work
- if you are a large business on December 31, 2019, for the purpose of the recapture of input tax credits for the provincial part of the HST
- if the benefit is an automobile operating expense benefit
- some other type of benefit

Value of the benefit

The value of the benefit for GST / HST purposes is the total of the following two amounts:

- the amount reported on the T4 or T4A slip for the benefit
- if the taxable benefit is for a standby charge or the operating expense of an automobile, the amount, if any, that the employee or the employee's relative reimbursed you for that benefit

Note
When an employee or an employee's relative has reimbursed an amount equal to the entire taxable benefit for a standby charge or the operating expense of an automobile and, as a result, no benefit is reported on the T4 slip, the value of the benefit for GST / HST purposes is equal to the amount of the reimbursement.

Automobile operating expense benefits

If the last establishment where your employee ordinarily worked or to which they ordinarily reported in the year is located in a participating province (Prince Edward Island, New Brunswick, Newfoundland and Labrador, Nova Scotia, or Ontario), you are considered to have collected an amount equal to a percentage of the value of the benefit for GST / HST purposes, based on one of the following rates:

- 11% for Prince Edward Island, or 8.6% if you are a large business on December 31, 2019, for the purposes of the recapture of input tax credits for the provincial part of the HST
- 11% for Nova Scotia, New Brunswick, and Newfoundland and Labrador
- 9% for Ontario

If the last establishment where your employee ordinarily worked or to which they ordinarily reported in the year is located in a non-participating province or territory (the rest of Canada), you are considered to have collected 3% of the value of the benefit for GST / HST purposes.

Benefits other than automobile operating expense benefits

If the last establishment where your employee ordinarily worked or to which they ordinarily reported in the year is located in a participating province, you are considered to have collected, for 2019, the GST / HST as a percentage of the value of the benefit as follows:

- 14 / 114 for Nova Scotia, New Brunswick, Prince Edward Island, and Newfoundland and Labrador
- 12 / 112 for Ontario

If you are, or were, a large business, and the benefits relate to a motor vehicle that was subject to the recapture of input tax credits (RITC) for the provincial part of the HST paid or payable on that vehicle for 2019, you are considered to have collected the GST / HST as a percentage of the value of the benefits as follows:

- 4 / 104, if the recapture rate was 100% on the last day of the last reporting period in which you reported the RITC for the provincial part of the HST paid or payable on that motor vehicle
- 6 / 106, if the recapture rate was 75% on the last day of the last reporting period in which you reported the RITC for the provincial part of the HST paid or payable in Ontario on that motor vehicle
- 6.5 / 106.5, if the recapture rate was 75% on the last day of the last reporting period in which you reported the RITC for the provincial part of the HST paid or payable in Prince Edward Island on that motor vehicle
- 8 / 108, if the recapture rate was 50% on the last day of the last reporting period in which you reported the RITC for the provincial part of the HST paid or payable in Ontario on that motor vehicle
- 9 / 109, if the recapture rate was 50% on the last day of the last reporting period in which you reported the RITC for the provincial part of the HST paid or payable in Prince Edward Island on that motor vehicle
- 10 / 110, if the recapture rate was 25% on the last day of the last reporting period in which you reported the RITC for the provincial part of the HST paid or payable in Ontario on that motor vehicle
- 12 / 112, if the recapture rate was 0% on the last day of the last reporting period in which you reported the RITC for

the provincial part of the HST paid or payable in Ontario on that motor vehicle

If the last establishment where your employee ordinarily worked or to which they ordinarily reported in the year is located in a non-participating province or territory, you are considered to have collected 4 / 104 of the value of the benefit for GST / HST purposes as calculated above.

However, when an employee or an employee's relative has reimbursed an amount for a taxable benefit other than for a standby charge or the operating expense of an automobile, this reimbursed amount is consideration for a taxable supply. You are considered to have collected an amount equal to 5 / 105 for GST or one of the following for HST on a reimbursement:

- 15 / 115 for Nova Scotia, New Brunswick, Prince Edward Island, and Newfoundland and Labrador
- 13 / 113 for Ontario

In this situation, you have to include the GST / HST for this reimbursement in your GST / HST return for the reporting perioi8b98 Td [(If the l Tw 0 -1.158 TD [(r3)0.0041 Tw [e incl)A]TJ 0.0 -0.001.007el2 0 w -1.01doare considere

For more information on ITCs related to employee benefits, see GST/HST Memorandum 9.1, Taxable Benefits (Other than Automobile Benefits).

Property acquired before 1991 or from

Benefits chart

This chart indicates whether you need to deduct Canada Pension Plan (CPP) and employment insurance (EI) from the taxable allowances and benefits discussed in this guide, and shows which codes you should use to report them on the employee's T4 slip. The chart also indicates whether the GST / HST has to be included in the value of the taxable benefit for income tax purposes. Cash reimbursements and non-cash benefits are subject to GST / HST, unless they are for exempt or zero-rated supplies. Cash allowances are not subject to GST / HST.

Taxable allowance or benefit	Deduct CPP[1]	Deduct EI	Code for T4 slip	Include GST/HST
[illegible]	[illegible]	[illegible]	40	[illegible]
[illegible]	[illegible]	[illegible]	34	[illegible]

[illegible]

Taxable allowance or benefit (continued)	Deduct CPP	Deduct EI	Code for T4 slip	Include GST/HST
[illegible]	[illegible]	[illegible]	40	[illegible]
[illegible]	[illegible]	[illegible]	40	[illegible]
[illegible] $650 [illegible]	[illegible]	[illegible]	40	[illegible]
[illegible]	[illegible]	[illegible]	40	[illegible]
[illegible]	[illegible]	[illegible]	40	[illegible]
[illegible]	[illegible]	[illegible]	40	[illegible]
[illegible]	[illegible]	[illegible]	40	[illegible]
[illegible]	[illegible]	[illegible]	40	[illegible]
[illegible]	[illegible]	[illegible]	40	[illegible]
[illegible]	[illegible]	[illegible]	40	[illegible]
[illegible]	[illegible]	[illegible]	40	[illegible]
[illegible]	[illegible]	[illegible]	40	[illegible][11]
[illegible]	[illegible]	[illegible]	40	[illegible][11]
[illegible]	[illegible]	[illegible]	40	[illegible]
[illegible]	[illegible]	[illegible]	40	[illegible]
[illegible]	[illegible]	[illegible][12]	40	[illegible]
[illegible]	[illegible]	[illegible]	40	[illegible][11]
[illegible]	[illegible]	[illegible]	40	[illegible]
[illegible]	[illegible]	[illegible]	[illegible][13]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible][13]	[illegible]
[illegible]	[illegible]	[illegible]	40	[illegible]
[illegible]	[illegible]	[illegible]	40	[illegible]
[illegible]	[illegible]	[illegible]	40	[illegible]
[illegible]	[illegible]	[illegible]	40	[illegible]
[illegible]	[illegible]	[illegible][12]	40	[illegible]
[illegible]	[illegible]	[illegible]	40	[illegible][11]
[illegible]	[illegible]	[illegible]	40	[illegible]
[illegible]	[illegible]	[illegible]	40	[illegible]
[illegible]	[illegible]	[illegible]	40	[illegible]
[illegible]	[illegible]	[illegible]	40	[illegible]
[illegible]	[illegible]	[illegible]	40	[illegible]
[illegible]	[illegible]	[illegible]	40	[illegible]
[illegible]	[illegible]	[illegible]	40	[illegible]
[illegible]	[illegible]	[illegible]	32	[illegible]
[illegible]	[illegible]	[illegible]	32	[illegible]
[illegible]	[illegible]	[illegible]	40	[illegible]
[illegible]	[illegible]	[illegible]	40	[illegible][11]
[illegible]	[illegible]	[illegible]	40	[illegible][11]
[illegible]	[illegible]	[illegible]	40	[illegible]
[illegible]	[illegible]	[illegible]	40	[illegible]
[illegible]	[illegible][7]	[illegible]	40	[illegible]
[illegible]	[illegible]	[illegible]	40	[illegible]
[illegible]	[illegible][7]	[illegible]	40	[illegible][8]
[illegible]	[illegible]	[illegible]	40	[illegible][8]

[11] Certain fees and certain contributions are subject to the GST/HST. If the fees or the contributions you pay are subject to the GST/HST, include the GST/HST in the value of the benefit.
[12] You may not have to deduct EI premiums on some RRSP and TFSA contributions. For more information, see pages 30 and 32.
[13] Enter the taxable security option benefit under code 38. If eligible, enter the amount of the security options deduction under code 86 and either code 39 or 41, as applicable.

Handling business taxes online

Use the CRA's online services for businesses throughout the year to:

- make payments to the CRA by setting up pre-authorized debit agreements in My Business Account or by using the My Payment service
- initiate a payment search
- file or amend information returns without a web access code
- send documents to the CRA
- authorize a representative for online access to your business accounts
- register to receive email notifications and to view mail from the CRA in My Business Account
- change addresses
- manage direct deposit information
- view account balance and transactions
- provide a nil remittance
- transfer a misallocated credit
- download reports

To log in to or register for the CRA's online services, go to:

- My Business Account at canada.ca/my-cra-business-account, if you are a business owner
- Represent a Client at canada.ca/taxes-representatives, if you are an authorized representative or employee

For more information, go to canada.ca/taxes-business-online.

CRA BizApp

CRA BizApp is a mobile web app for small business owners and sole proprietors. The app offers secure access to view accounting transactions, pay outstanding balances, make interim payments, and more.

You can access CRA BizApp on any mobile device with an Internet browser—no app stores needed! To access the app, go to canada.ca/cra-mobile-apps.

Receiving your CRA mail online

Sign up for email notifications to get most of your CRA mail, like your PD7A – statement of account for current source deductions, online.

For more information, go to canada.ca/cra-business-email-notifications.

Authorizing the withdrawal of a pre-determined amount from your Canadian chequing account

Pre-authorized debit (PAD) is a secure online, self-service, payment option for individuals and businesses. This option lets you set the payment amount you authorize the CRA to withdraw from your Canadian chequing account to pay your tax on a specific date or dates you choose. You can set up a PAD agreement using the CRA's secure My Business Account service at canada.ca/my-cra-business-account, or the CRA BizApp at canada.ca/cra-mobile-apps. PADs are flexible and managed by you. You can use My Business Account to view historical records, modify, cancel, or skip a payment. For more information, go to canada.ca/pay-authorized-debit.

For more information

What if you need help?

If you need more information after reading this guide, visit canada.ca/taxes or call 1-800-959-5525.

Addresses

Tax services offices

To find out where to send your requests, go to canada.ca/cra-offices or call 1-800-959-5525.

Tax centres

Prince Edward Island Tax Centre
275 Pope Road
Summerside PE C1N 6A2

Jonquière Tax Centre
2251 René-Lévesque Boulevard
Jonquière QC G7S 5J2

Shawinigan-Sud Tax Centre
4695 Shawinigan-Sud Boulevard
Shawinigan-Sud QC G9P 5H9

Sudbury Tax Centre
Post Office Box 20000, Station A
Sudbury ON P3A 5C1

Winnipeg Tax Centre
66 Stapon Road
Winnipeg MB R3C 3M2

Direct deposit

Direct deposit is a fast, convenient and secure way to get your CRA payments directly into your account at a financial institution in Canada. For ways to enrol for direct deposit or more information, go to canada.ca/cra-direct-deposit.

Forms and publications

To get our forms and publications, go to canada.ca/cra-forms-publications or call 1-800-959-5525.

Electronic mailing list

The CRA can notify you by email when new information on a subject of interest to you is available on the website. To subscribe to the electronic mailing lists, go to canada.ca/cra-email-lists.

Related publications

- GST/HST Memorandum 9.1, Taxable benefits (other than automobile benefits)
- GST/HST Memorandum 9.2, Automobile benefits
- RC4110, Employee or Self-Employed?
- RC4120, Employers' Guide – Filing the T4 Slip and Summary
- RC4157, Deducting Income Tax on Pension and Other Income, and Filing the T4A Slip and Summary
- T4001, Employers' Guide – Payroll Deductions and Remittances
- RC18, Calculating Automobile Benefits

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

If you have a hearing or speech impairment and use a TTY, call 1-800-665-0354.

If you use an operator-assisted relay service, call our regular telephone numbers instead of the TTY number.

Complaints and disputes

Service-related complaints 11.52 0 0 0b 50.34a52 31a4r

day. Your return is considered on time if we receive it or if it is postmarked on or before the next business day.

For more information, go to canada.ca/en/revenue-agency/services/tax/businesses/topics/payroll/important-dates-payroll.

Cancel or waive penalties or interest

The CRA administers legislation, commonly called the taxpayer relief provisions, that allows the CRA discretion to cancel or waive penalties or interest when taxpayers cannot meet their tax obligations due to circumstances beyond their control.

The CRA's discretion to grant relief is limited to any period that ended within 10 calendar years before the year in which a request is made.

For penalties, the CRA will consider your request only if it relates to a tax year or fiscal period ending in any of the 10 calendar years before the year in which you make your request. For example, your request made in 2018 must relate to a penalty for a tax year or fiscal period ending in 2008 or later.

For interest on a balance owing for any tax year or fiscal period, the CRA will consider only the amounts that accrued during the 10 calendar years before the year in which you make your request. For example, your request made in 2018 must relate to interest that accrued in 2008 or later.

To make a request, fill out Form RC4288, Request for Taxpayer Relief – Cancel or Waive Penalties or Interest. For more information about relief from penalties or interest and how to submit your request, go to canada.ca/taxpayer-relief.