

Step 2 – Operating expense benefit

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

If your employee reimburses you for all operating expenses attributable to personal use **no later than 45 days after the end of the year**, do not calculate an operating expense benefit. Go to Step 3.

Fixed rate calculation

Use this calculation if both of the following conditions apply:

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

Personal kilometres driven _____ × 25¢ = \$ _____ 8
(see [Note](#) below)

or

- the employee's principal source of employment is selling or leasing automobiles

Personal kilometres driven _____ × 22¢ = \$ _____ 9
(see [Note](#) below)

Note

Fixed-rate for 2017. For 2018 rates, go to canada.ca/en/revenue-agency/services/tax/businesses/topics/payroll/benefits-allowances/automobile/automobile-motor-vehicle-benefits, select "Fixed-rate calculation" in the topics.

Go to Operating expense benefit (net)

OR

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

Use this calculation if both of the following conditions apply:

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

Standby charge amount
A or B
(\$ _____) + Employee reimbursements
attributable to standby charge
(\$ _____) × 50% = \$ _____ 10

Go to Operating expense benefit (net)

Operating expense benefit (net)

Enter the amount from line 8, 9, or 10 above	\$ _____	11
Enter the employee reimbursements for the operating expense benefit made no later than 45 days after the end of the year	\$ _____	12
Enter the amount the employee paid directly to a third party in the year for all or part of the operating expenses (including GST/HST and PST)	\$ _____	13
Line 11 minus line 12 and/or line 13	\$ _____	
Operating expense benefit (net) (if negative, enter "0")	\$ _____	C

Step 3 – Total automobile taxable benefit

Enter the total amount of **A** plus **C** or **B** plus **C**, whichever applies.

This amount is the taxable benefit you report in box 14 and in the "Other information" area under code 34 of the employee's T4 slip or, if applicable, use code 028 "Other income" at the bottom of the T4A slip

\$

Information for employers who use this worksheet for withholding purposes

If your employee's personal use of your automobile will be similar to last year's, you can use the amount from Step 3 to estimate your employee's taxable automobile benefit. To do this, divide the total automobile taxable benefit from Step 3 by the number of pay periods the employee is expected to have. Add the resulting amount and any other taxable benefits or allowances to the employee's salary each pay to calculate the total income from which to deduct Canada Pension Plan (CPP) or Quebec Pension Plan (QPP) contributions, and income tax.

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

You may need to remit goods and services tax (GST) or harmonized sales tax (HST) on the calculated benefit. For more information, see Guide T4130, *Employers' Guide – Taxable Benefits and Allowances*.