

TAX TIP

AUTOMOBILE EXPENSES FOR SMALL BUSINESSES

AUTOMOBILE EXPENSES

Automobile expenses are a very high priority for CRA to audit. Therefore, it is critical that you have the following documentation in place at tax time. A MILEAGE LOG IS REQUIRED.

CRA requires that you keep a mileage log which tracks all personal and business kilometers drove in the year. It is EXTREMELY important that you get into the habit of tracking your business and personal kilometers on a DAILY basis and total it up for the year.

AUTOMOBILE EXPENSES

TIP: Why do I want to track this? Because it increases your deduction & increases your refund!

	Amount
BUSINESS KILOMETERS	15,000
TOTAL KILOMETERS	20,000
% BUSINESS USE	75%
GAS	\$3,600
REPAIRS	\$1,000
INSURANCE	\$1,200
CAR LOAN OR LEASE PAYMENT	\$6,000
PARKING/407 ETR/AUTO CLUB	
TOTAL	\$11,800
% BUSINESS USE	75%
TOTAL DEDUCTIBLE AUTOMOBILE EXPENSES	\$8,850

FORMULA: $\$11,800 \times 75\% = \$8,850$

PLEASE USE WORKSHEET FOR AUTOMOBILE EXPENSES FOR SMALL BUSINESSES



Brian Petersen MBA, CMA, CFP
TAX, ACCOUNTING & INVESTMENT SERVICES