AVANTAX SOFTWARE

Automobile Taxable Benefits Software

1999 DOS Version

Calculate automobile taxable benefits and related GST and QST *in minutes!*

AVANTAX SYSTEM I

ELM Computer Systems Inc.

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Published by
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CHAPTER 1

Introduction

The AvanTax System I has been developed by a group of professional accountants with a view to support accountants and other professionals in the tedious task of computing taxable benefits.

AvanTax System I will allow you to compute automobile taxable benefits in a fraction of the time. With its "user friendly" approach and its standardized questionnaire for orderly capture of required information, the AvanTax System I will allow you to proceed with the computation of such benefits in an efficient and reliable manner. The System performs logical operations on the data and interacts with the user where certain elections/alternatives are available.

The System has been developed to provide Human Resources Departments with an appropriate tool to manage the automobile taxable benefits of all employees.

This is your AvanTax Users Guide. It is designed for computer users of all experience levels. Use this guide to learn the basic skills and as a reference document once you have familiarized yourself with the basics.

Technical Support

As a registered user, you will receive notices from us of upgrades to AvanTax System I Software, and you may telephone or fax us with your questions about the installation and use of the Program. The first 30 minutes of support are free of charge. In the event you should require additional technical assistance after this time has been used, our rate is $60.00 per hour for telephone support (minimum $5.00 per call.)

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CHAPTER 2

Getting Started

Hardware Requirements

Computer
IBM-compatible computer with DOS 3.0 or higher.

RAM
640K RAM.

Extended or expanded memory will improve the performance of the program.

Disk Space
At least one megabyte of free space on hard drive.

Printer
A dot matrix or laser printer capable of printing a minimum of 80 columns.

Installing AvanTax System I

To install AvanTax System I (if you use drive B, replace A with B in these instructions):

1. Create a subdirectory on the hard drive where you want to save the software (recommended name: AVANT). For example, to create the subdirectory on drive C:, type
   MD C:\AVANT
   and press "ENTER".

2. Move to the subdirectory. For example, type
   CD\AVANT
   and press "ENTER".

3. Place the AvanTax System I disk in drive A.

4. While in the AVANT subdirectory [C:\AVANT], type
   A:INSTALL

and press "ENTER".

Starting AvanTax System I

To start AvanTax System I, switch to the subdirectory where you installed the program, type in ATX and press "ENTER".

Upon initial execution, you will first have to indicate your user language, and then follow the instructions that will appear on the screen. If you subsequently want to change the language, this can be done by pressing "F2" while in the Main Menu screen.

The original configuration of the System is for colour display monitors. You might want to change that when using monochrome monitors. This can be done by pressing "F3" while in the Main Menu screen.

Authorization Numbers

Your copy of AvanTax needs to be registered to be fully functional. To register this copy of the program simply enter the unique authorization number printed on the front cover of you user manual when prompted. If you choose not to register the program at this time, you can leave the authorization number field blank and hit [enter] to begin the program. However, the unregistered program will allow only one company record, one employee record, and one vehicle record to be entered. You will be prompted for the authorization number each time you start the program until the program has been registered.

New Releases

Once you have installed an AvanTax System I application on your hard drive, you should install new releases for that same application in the same subdirectory. The information you have already entered will be preserved.

Installing on a Network

Your Network Manager should install AvanTax System I onto your network. Install AvanTax System I on a network in the same way you would for a single user (see the previous section) with the following additional steps.

1. You must assign rights for each user to read, write, delete, and create files on the network drive.

2. Each user might also need to run the DOS SHARE command, if applicable.

File Re-indexing

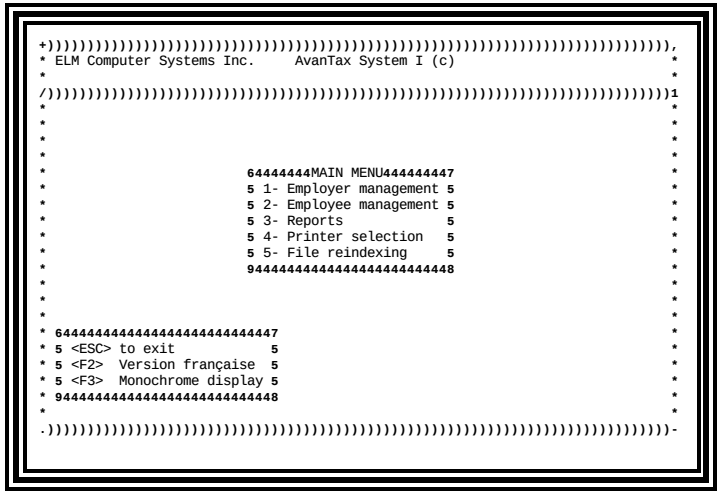
Should you be interrupted in your AvanTax System I working session by a power failure or computer hardware failure, you will need to reindex the data files to ensure the integrity of your information. Do this by selecting "5 - File Reindexing" from the main menu.

CHAPTER 3

Menus

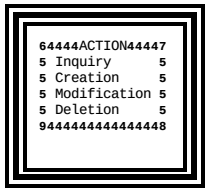
Main Menu

When you access the system, it will automatically present the Main Menu on the screen. You will then be able to access the sub-menus which will allow you to input basic employer and employee information, and print reports and summaries.



Action Menus

These menus will allow you to choose an action or command. They are easily activated by either using the arrow keys to highlight them and pressing "ENTER", or by pressing the first letter of the action (e.g., "C" for Creation, "D" for Deletion).



Exiting Action Menus

To return to the previous menu from an Action menu, press "Esc ".

CHAPTER 4

Printer

To choose a printer, access the Printer Selection sub-menu from the Main menu. The Printer Selection Window will be displayed.

This version of the System supports printers compatible with HP LaserJet, Epson dot matrix and IBM Proprinter. Select your type of printer from the Printer Selection Window and press "ENTER". This will confirm your choice. This selection will remain operative until modified.

If your printer can not emulate an HP LaserJet, Epson or IBM Proprinter, select "Other" from the Printer Selection Window. You must then ensure that your printer is set to print International IBM U.S. characters. The required settings should be listed in your Printer Users Guide. This is usually controlled by a DIP switch setting.

CHAPTER 5
Employer Management

Creation

To create a new employer file, use the Creation command of the Employer Management sub-menu. The following data input screen will be called up:

```
                        +)))))))))))))))))))))),
                        * EMPLOYER MANAGEMENT *                      CREATION
                        .)))))))))))))))))))))-


      +)))))))))))))))))))))))))))))))))))))))))))))))))))))))))))))))))))),
      * File number         :                                              *
      *                                                                    *
      * Employer name       :                                              *
      * Contact             :                                              *
      * Address             :                                              *
      *                     :                                              *
      * City                :                                              *
      * Province            : F- Ontario                                   *
      * Postal code         :                                              *
      * Language (E/F)      : E- English                                   *
      *                                                                    *
      * Car Dealer (Y/N)    : N- No                                        *
      * Average cost        :  0                                           *
      * Pay periods         :  0                                           *
      * Is GST on reimbursements reported periodically       : Y- Yes      *
      .)))))))))))))))))))))))))))))))))))))))))))))))))))))))))))))))))))-
```

You may now insert specific information with respect to the employer. We recommend that you use the federal employer account number as the AvanTax file number. This standardization will allow for an efficient retrieval system within those organizations where more than one employer will be created.

Province

By default, the code entered when the software was installed will appear in the province field. This information will set some default parameters in the employee files.

The following codes have been set for each province:

```
6444444444PROVINCE44444444447
5 A- British Columbia       5
5 B- Alberta                5
5 C- Saskatchewan           5
5 D- Manitoba               5
5 E- North-West Territories or Nunavut 5
5 F- Ontario                5
5 G- Quebec                 5
5 H- New Brunswick          5
5 I- Prince Edward Island   5
5 J- Nova-Scotia            5
5 K- Newfoundland           5
5 L- Yukon                  5
94444444444444444444444444448
```

Pressing the space bar while on the province input field will allow you to access this list. You will then be able to select the proper code by typing the code itself or by using arrow keys to move the cursor to the code/province name and pressing "ENTER".

Language

The language code is set by default as the language in which the software is being used at the time of creating the employer file. The employer reports will be printed in the language indicated here.

Car Dealership

Where the employer operates a car dealership or leasing business, you should enter "Yes" in the car dealer input field. This will ensure that salespersons' or leasing agents' taxable benefits are properly computed (see Car Dealerships at 6-2).

Average Cost

Once you have indicated that an employer operates a car dealership or leasing business you will be prompted to indicate the average cost applicable to computations of taxable benefits for salespersons/leasing agents (see Car Dealerships and Leasing Businesses at page 8-4). The average cost will be automatically inserted as the vehicle cost applicable to salespersons when completing the vehicle description for these employees.

AvanTax allows you to insert the average costs with respect to the current year and next year. At the beginning of the year you should insert your estimated average cost for the year. This will allow you to use the Planning module.

Once the average cost figure has been inserted you can reaccess this field either by activating the Modification command of the sub-menu and accessing the average cost field or by simply pressing the "F5" function key.

Pay Periods

You should insert here the number of pay periods applicable to the employer in the particular year. This number will be used by the software to produce the "per pay period" estimated taxable benefit found under the Planning module. The number of pay periods indicated in this field will be inserted automatically in the "pay periods" field of all employees created for a particular employer.

GST/HST on Reimbursements

Prior to taxation year 1996, GST was collectible on reimbursements in respect of taxable benefits in the reporting period in which the reimbursements were made. For 1996 and subsequent taxation years, the GST/HST in respect of the reimbursements is deemed to have been collected on the last day of February in the following taxation year. As a result, GST/HST is not collectible on reimbursements in the period in which they are made. However, because some employers may have remitted GST/HST on reimbursements during the year, you may indicate this on the Employer input screen to ensure that the accurate amount of remittable GST/HST is reported on the Net Remittable GST/HST report. Where GST/HST is reported during the year, the amount of GST/HST deemed included in such reimbursements will be subtracted from the Net Remittable GST/HST report.

Inquiry

The Inquiry command will allow you to access an existing employer file. You will be prompted to indicate if you want to access the file by using the employer name or file number.

If you know the file name or number which you want to access, you may now type this name or number in the appropriate field. If you want to scroll through the list of available companies you just have to press the "ENTER" key. If the inquiry key chosen was file name, the file name will be listed, followed by the file number. However if the inquiry key selected was file number, the file number will be listed, followed by the file name.

TIP

If the name or number error message is displayed, you may access the employer list by typing "?" and pressing the "ENTER" key.

Once you have accessed the employer information summary, an expanded action menu will be displayed with the following options: Inquiry, Creation, Modification, and Deletion. You will then be able to modify any information or delete the entire file by choosing the desired action/command.

You can also access the next employer file in alphabetical order by pressing "PgDn" , or the previous file by pressing "PgUp".

Modification

If the Modification action is selected you may change any of the information fields. To confirm your modification press "PgDn" or move to the bottom of the information summary (using the arrow or "ENTER" keys) and press the "ENTER" key while in the last input field.

Deletion

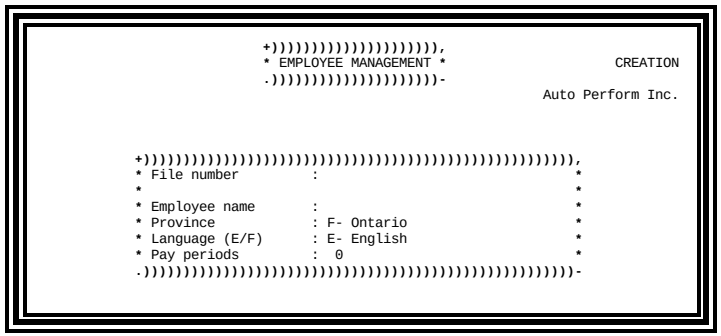
If you activate the Delete command a confirmation message will be displayed at the bottom of the screen requesting your confirmation to delete the entire employer file. Once that process is activated all of the specific employer's employee files will be deleted.

CHAPTER 6

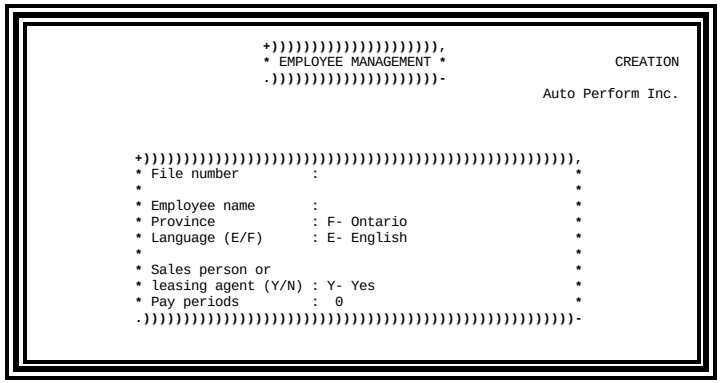
Employee Management

Creation

To create a new employee file, use the Creation command of the Employee Management sub-menu. This command will call up the following data input screen, if the employer is not a car dealership or leasing agent:



If the employer is entered as a car dealership or leasing agent, the following screen will be displayed:



Employee Name

We suggest that you use the "family name, first name" input format (e.g. Berridge, Charles) to input employee names. This will ensure that scrolling through the employee list can be done efficiently using the alphabetical order while in the Inquiry mode.

Province and Language

Both the province and language codes are set by the employer default codes. You may change either of these by inserting the appropriate code or pressing the space bar while in either input field to select from the appropriate list (see Creation command under Employer Management.)

All reports and forms printed for a particular employee will be printed in the language indicated here.

Car Dealerships

Where the employer operates a car dealership or an automobile leasing business, you will be prompted to indicate if the employee is a salesperson or leasing agent (see Car Dealerships and Leasing Businesses at 8-4). If you answer "yes" , the software will compute the standby charge using the reduced rate of 1.5% instead of 2%; and the operating costs benefit will be calculated at 11¢ per kilometre instead of 14¢ per kilometre.

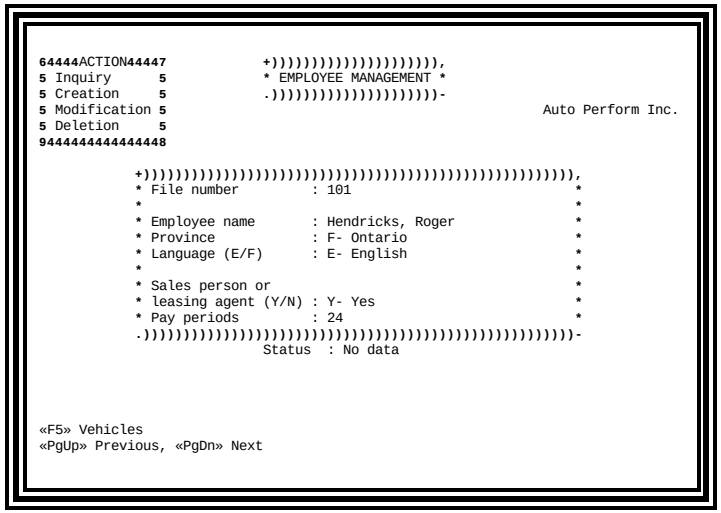
Pay periods

The number of pay periods will be set by default as the number of pay periods inserted in the employer basic information screen. This number will allow the computation of the "per pay period" estimated taxable benefit amount available through the Planning module.

This field can be overidden where an individual becomes an employee during the year and is supplied with a vehicle, or an employee is supplied with a vehicle part way through the year. In these circumstances the number of remaining pay periods in the year should be inserted.

To facilitate your computation of remaining pay periods you can access the Calendar Window by pressing the "Alt" and "F7" keys simultaneously. The Calendar Window opens on the current month with the current day flashing. You can scroll through the Calendar Window by using the "PgDn" and "PgUp" keys to access the previous and subsequent months. The Calendar Window can be accessed from anywhere in the software.

Once the employee file has been created, the screen will look like this:



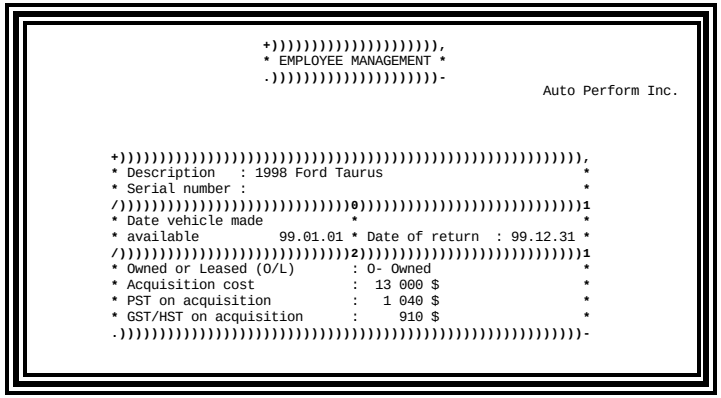
The Status line below the basic employee information data screen provides you with the employee's taxable benefit calculations status. As an example the Status line for an employee supplied with two vehicles during a particular year and for which operating data has only been provided for one vehicle will be as follows:

Status: 2 veh/1 calc

Each employee's status also appears in the employee list accessed through the inquiry command of the employee management module. The Status Report also provides you with a complete listing of that significant information.

Vehicles Permanent Data

To input the permanent and annual costs information with respect to the vehicles that were made available to a particular employee you select the "Vehicles" action command by pressing the "F5" function key. While you are creating a new employee, this will automatically bring up the permanent information screen:



Date Automobile Made Available

You may now input the "permanent" information with respect to the particular vehicle. For each vehicle, you have to provide the date it was made available to the employee. Should the vehicle have been made available prior to January 1 of the current year, you can input January 1 as the date that the vehicle was made available. If you wish you may still enter the actual date a vehicle was made available since this information will be available for future reference.

Date Automobile Returned

The input of the "Date of return" is important since the software will automatically determine the number of days an automobile was available to an employee. If the automobile is still available to an employee on December 31, you just have to press the "ENTER" key to leave it blank and the software will assume that the automobile was still available on that date.

Dates Available and Returned for Sales person or Leasing agent

Where the taxable benefit with respect to an employee of a car dealership or leasing business can be computed using the reduced standby charge percentage you must enter both the date at which the employee was provided with a vehicle and the return date. By default December 31 of the current year will be inserted in the "date of return" field.

Owned/Leased

Once you have identified whether the automobile is owned or leased, you will be prompted to input the acquisition or leasing costs and related taxes.

With respect to leasing costs, you may insert the total leasing cost for the period a particular vehicle was available, or the monthly leasing cost. You have to indicate in the field at the right of the leasing cost field whether the leasing cost inserted is for the period for which the vehicle was available (by typing "P") or the

monthly lease cost of the vehicle (by typing "M"). The software will thereafter determine the total lease cost for the period the vehicle was available.

If the vehicle was not available to the employee for the entire period and the monthly lease cost is input, the program will calculate the total lease cost based on the number of days the vehicle was available. However, if the lease cost is entered for the entire period, the program assumes you have already allowed for the number of days the vehicle was actually available to the employee.

TIP

All costs are to be input excluding GST/HST and PST/QST. The taxes must be input separately, or, you may press "F10" when the cursor is on the PST/QST or GST/HST/HST box to have the system calculate the tax at the rate indicated on the bottom line of the screen. The rate is determined by the employee's province.

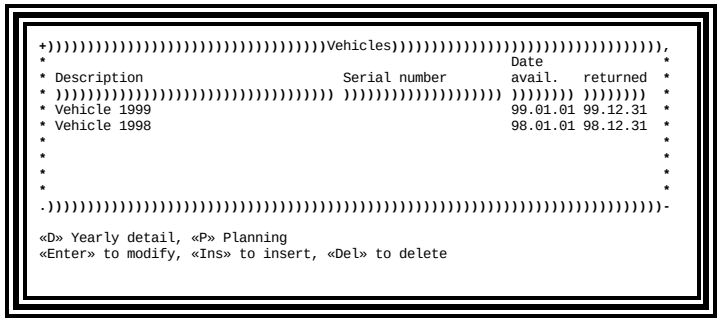
If you indicated that the employee is a sales person or leasing agent, the acquisition cost will be inserted automatically as the average cost entered in the employer file. No PST/QST has to be entered in this case.

After all relevant information has been input you have to either press the "ENTER" key while in the last input field or press "PgDn". You will then be prompted to confirm that the data input is correct. You may now type "Yes" to confirm or "No" to change any information.

TIP

When multiple automobiles are made available to an employee, they will be listed in the order of most recent acquisition first.

Once the permanent information has been entered, the Vehicles List screen will appear:

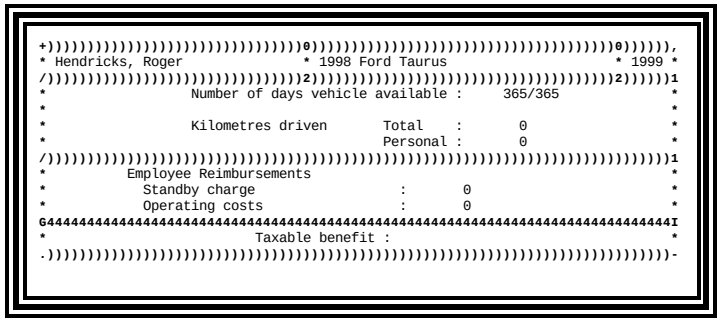


Yearly Detail

You access the annual information input screen by pressing "D". ("Yearly detail")

If a taxable benefit is applicable during 2 or more calendar years (based on the date available and the date of return), a list of the years will be displayed.

To access the Information input screen for a particular year, press "ENTER" while that year is highlighted. The following Information input screen will be called up:



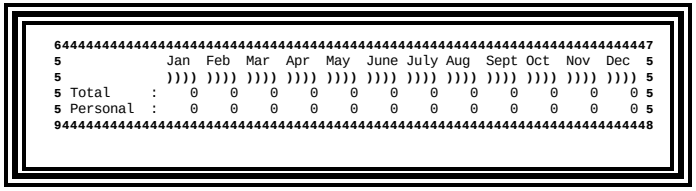
Where a vehicle is only available during one particular taxation year, you will automatically access the information input screen by pressing "D".

Number of Days Automobile Available

As previously mentioned the number of days an automobile was available to an employee is automatically computed by the software. This field may be overridden. However, if the date the car was made available or its date of return are subsequently modified, the software will recompute this data and update the overridden field. You will therefore have to override this field again if the previous override still applies.

Mileage

While on either the total or personal kilometres field you can press the "F2" Function key to access the following monthly data input screen:



To move to a specific month while in that screen you press the "F3" Function key and you will be prompted to indicate which month you want to go to. As an example you would go to the month of October by inserting 10.

Reimbursements

a) Standby Charge

Enter the total of all reimbursements made by the employee during the calendar year with respect to the use of the vehicle, other than reimbursements with respect to the operating costs.

b) Operating Costs

Enter the total of all reimbursements with respect to the operating costs made by the employee prior to February 15 of the year following the year for which the taxable benefit is computed.

Where reimbursements are made with respect to operating costs, you will also be prompted to input the total actual operating costs (including PST and GST/HST) incurred by the employer while the vehicle was available to the particular employee.

The software will thereafter compute the amount of operating costs attributable to personal use and compare that amount to the reimbursements made to determine if an operating costs benefit apply (see Reimbursements at page 8-3).

Once all relevant annual data has been input, you have to either press the "ENTER" key while in the last input field or press "PgDn". You will then be prompted to confirm that the data input is correct. You may now type "Yes" to confirm or "No" to change any information.

After answering Yes to the above question, the software will compute the taxable benefit and pause to show the result at the bottom of the screen. To return to the Vehicles List, press any key.

You will now be able to modify the Permanent Information of a particular vehicle by pressing the "ENTER" key, insert a new vehicle by pressing "Ins" or delete a vehicle by pressing "Del".

Planning Module

The Planning module provides you with the estimated taxable benefit which is required to compute accurate deductions at source throughout the period of employment of a particular employee.

By pressing "P" while in the Vehicles List you will access the "Planning" Vehicles List. The word "Planning" will continually flash below the screen heading throughout the use of this module.

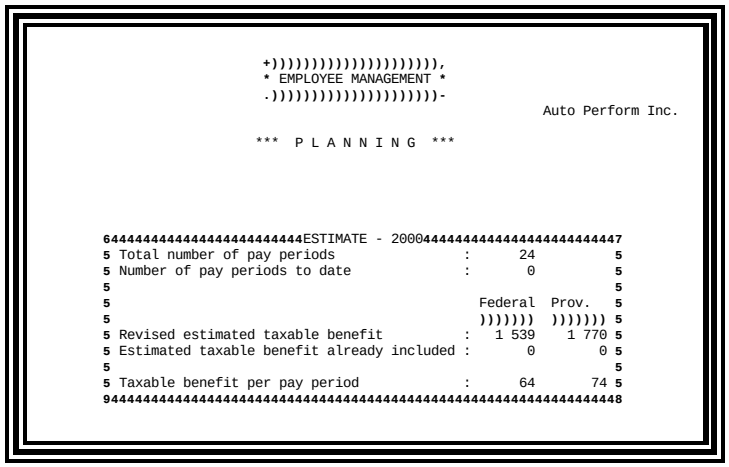
While in the Planning module you access the yearly estimated detail screen by pressing "D". You may now input the estimated data with respect to total and personal kilometres driven, and employee reimbursements. By default, if you have entered data in the actual yearly detail screen prior to accessing the Planning module these actual data will carry over to the estimated data fields. Once you enter new estimated data, only these new data will be kept in memory by the system.

However if you would like to recover the actual data while in the planning Module, you just have to press the "F5" function key.

Once you have entered the estimated data for a particular employee press "PgDn" or while on the last field press "ENTER". You will then be provided with the estimated taxable benefit with respect to the particular vehicle for which you entered these data. To return to the vehicles list, you press any key.

To access the "Per pay period" data, you press "E" (Estimate) while on the "Planning" List of vehicles. This feature will provide you with the "per pay period" amount required to be added to the employee's gross pay in computing his/her deductions at source throughout the year.

The estimate function becomes available as soon as either the actual or estimated yearly details have been entered.



The fields "Number of pay periods to date" and "Estimated taxable benefit already included" will allow an easy update of the employee's estimated taxable

benefit throughout the year. You might want to review each employee's actual data on a quarterly basis and compare it to the estimated data.

By inserting the revised estimated data with respect to total and personal kilometres, and reimbursements, and the up to date number of pay periods and cumulative taxable benefit added to the employee's gross pay subject to deductions at source, the software will provide you with revised "per pay periods" figures to allow you to provide for appropriate deductions at source for the remainder of the year.

Inquiry

When you invoke the Inquiry command to access an employee file, you will be prompted to indicate if you want to access the file by using the employee name or number (see Inquiry command under Employer Management).

Once you have accessed the employee information summary, the expanded action menu will be displayed. You will then be able to modify information with respect to the summary, delete the employee file or access the particular employee's vehicles data.

Modification

If the Modification action is selected you may change any of the fields. To confirm your modification or move to the bottom of the information summary by using the arrow or "ENTER" keys and press the "ENTER" key while in the last input field.

Deletion

If you activate the Delete command a confirmation message will be displayed at the bottom of the screen requesting your confirmation to delete the entire employee file. Once that process is activated all of the specific data with respect to the employee will be deleted.

Vehicles

Once an employee file has been created, the "F5" function key will allow you to access an employee's vehicles list and effect the following operations by pressing the indicated key:

Operation	**Key**
insert or modify yearly details	press "D"
modify permanent information	press "ENTER"
insert a new vehicle	press "Ins"
delete a vehicle	press "Del" while the vehicle description is highlighted
access the Planning module	press "P"

CHAPTER 7

Reports

Employer Summaries

After selecting Employer Summaries from the Reports sub-menu you will be requested to provide the employer name, the year for which you want to print reports and the sort order of the employees on the report (employee name, employee file number, or province plus name). You can then select the report you require. AvanTax provides you with the following employer summary reports:

- Taxable Benefits Summary
- Status Report
- Estimated Taxable Benefits Summary, and
- Net Remittable GST/HST
- Net Remittable QST

(Examples of these reports are provided in Appendix "E".)

To select reports, insert "Y" beside the name of the desired reports. Once that information has been entered, a report action menu will open.

If you want to modify any of the data in the "Presentation" and "Selection" areas of the screen, you may do so by pressing "M" or moving the cursor to Modify in the action menu. Select Change Presentation to change the date and report destination (Printer, Display or File), or to insert a comment to appear on the report. To change the Selection information, activate Change Selection from the action menu.

If you want to view the report(s) on the screen, change the destination from Printer to Display by pressing the space bar while the cursor is on "Destination" in the Presentation section. To output the report(s) to a file, press the space bar again and press ENTER. You will be prompted for a filename. You may use the default filename, AVANTAX.PRN, or change it to any other valid DOS filename. If no pathname is entered, the file will be created in the directory where the program is located.

To print or display the desired reports, activate Proceed from the action menu. If you select Display, the software allows you to peruse the reports page by page. However you may only scroll forward.

Employee Detailed Computation

The program allows you to print both estimated and actual (final) employee detailed computations.

The printing of these reports is effected in the same manner as the Employer Summaries.

The employee selection will allow for the printing of all employees or one. When the cursor is in the employee selection field you will be able to print all employees' detailed computation by pressing the space bar and the "ENTER" key. If you choose to print all employees, you will be prompted to select the sort order of the employee reports. To print one particular employee's detailed computation enter part or all of his or her name in the same format you created his/her file, or type "?" and press "ENTER" to view the list of available employees. You can select a particular employee by pressing "ENTER" while the employee name is highlighted.

Where the reduced benefit election applies, the applicable election form will be printed automatically when printing the employee's detailed computation.

If an employee has more than one vehicle with dates in the current or planning year and these vehicles are either all leased or all purchased you will be asked “Do you want to print combined vehicle reports (Y/N)?” In some cases it may be beneficial to merge the vehicles together as if they were one vehicle by using the average acquisition cost and the totals of the kilometres driven, days available, and amounts reimbursed. Answering yes will cause the taxable benefit to be calculated for the combined vehicle rather than the individual vehicles. The report that is generated will list “Combined Vehicles” as the vehicle name.

Important Note: The “combined vehicles” method is not explicitly prescribed by Revenue Canada. It has been included in the program at the request of users.

Data Entry Form

This form has been designed to standardize and ease the process of information gathering with respect to automobile taxable benefits. It is designed so that all required information to perform the benefit computation is listed. This form/questionnaire can be printed with some basic information, such as the employee name and vehicle description, or a blank form can be printed. We strongly recommend that it be used since the employee detailed input screen displays the same pattern in an effort to speed up the input process.

Election Form

This form should be filed with the employer where the reduced benefit computation is determined to be beneficial to an employee (see Operating

Costs Benefits computation at 8-3). Where the reduced benefit computation is beneficial and the employee will make this election, this form is automatically printed with the employee detailed computation. However, as mentioned in the legislation part of the Guide, this election is to be filed with the employer prior to December 31 of a particular taxation year, so you might want to print it separately. You can do so by selecting "4 - Blank Election Form" from the Reports sub-menu.

CHAPTER 8

About the Legislation

Definitions

The Canadian Income Tax Act (ITA), Excise Tax Act (GST), Quebec Taxation Act (QTA) and Quebec Sales Tax Act (QST) have their own definitions for certain common terms. The following definitions found in these legislations will be relevant in determining the requirements to compute the taxable benefit and/or remit applicable GST/HST.

Automobile

That term will generally include motor vehicles that are designed or adapted to carry individuals on highways and streets, and have a seating capacity for not more than the driver and eight passengers.

The following vehicles are excluded from the definition of automobile:

- ambulance
- taxi
- bus
- funeral hearse

Van and pick-up trucks are also excluded in the following circumstances:

a) The seating capacity is limited to the driver and two passengers and it is used primarily (generally understood to be more than 50%) for the transportation of goods or equipment in the course of business, or

b) The seating capacity is not limited but its use is "all or substantially all (90% or more) for the transportation of goods, equipment or passengers in the course of the business".

Use in Commercial Activities

For purposes of computing the required remittance under the GST/HST legislation, the personal use of a vehicle by an employee or shareholder will be deemed to be used in commercial activities of the employer and therefore generally an automobile provided to an employee will be considered 100% used in commercial activities. Some exceptions will occur where the

automobile is used in GST/HST exempt activities (i.e. charitable organizations or financial services).

Computation of Taxable Benefits

Federal

The computation of the automobile taxable benefit for purposes of the ITA is made up of two components: the standby charge benefit and the operating costs benefit. This section provides a summary of the rules affecting the computation for both employer owned and leased automobiles:

Basic Taxable Benefit

1. Standby Charge

a) Employer Owned Car

i) if business use is less than 90%

2%
x
number of months
x
cost of the vehicle
(including PST and GST/HST)

ii) if business use is equal to or greater than 90%

$$2\% \times \frac{\text{personal km (max 1,000 kms x no. of months)}}{\text{no. of months x 1,000 kms}} \times \text{no. of months} \times \text{cost of the vehicle (including PST and GST/HST)}$$

b) Employer Leased Car

i) if business use is less than 90%

2/3 of lease costs
(including GST/HST and PST, excluding insurance)

ii) if business use is equal to or greater than 90%

personal kms (max 1,000 kms x no. of months)
number of months x 1,000 kms
x
2/3 of lease costs
(including GST/HST and PST, excluding insurance)

2. Operating Costs Benefits

   a) if business use is less than or equal to 50%

      14¢ multiplied by the number of personal kilometres

   b) if business use is greater than 50%, and employee has produced applicable election form prior to December 31st:

      The lesser of the amount computed in a)
      and 50% of the standby charge
      (computed prior to any reimbursements made by the employee).

3. Reimbursements

   a) Standby Charge

      The standby charge benefit determined above is then reduced by all related reimbursements made during the calendar year by the employee to the employer. Excess reimbursements with respect to standby charge benefit do not reduce the operating costs benefit, and vice versa.

   b) Operating Costs Benefit

      The operating costs benefit determined above is then reduced by all related reimbursements made by the employee to the employer prior to February 15 of the following year.

      However, where reimbursements made within the period noted above are equal to or exceed the actual operating costs (including PST and GST/HST) incurred by the employer, attributable to the personal use of the vehicle by the employee, no taxable benefit applies with respect to such operating costs.

Quebec

For purposes of computing the automobile taxable benefit to be reported on Quebec Relevé 1's, the employers are required to first compute the adjusted standby charge and operating cost benefits, and then compute the QST taxable benefit.

1. Adjusted Standby Charge

In computing the standby charge for Relevé 1 purposes, the cost of the automobile is determined as follows:

   a) automobile acquired before 1991: cost is to include federal and provincial sales tax (PST).

   b) automobile acquired in 1991: cost excludes GST but includes PST.

   c) automobile acquired in 1992 or later: cost includes both GST/HST and PST/QST

2. Operating Costs Benefit

   The Quebec operating costs taxable benefit is computed using the same formulae as the Federal calculation.

   However, where the reduced benefit applies, this taxable benefit is computed as 50% of the standby charge computed for Quebec purposes (computed prior to any reimbursements made by the employee).

Car Dealerships and Leasing Businesses

These employers have the option (no election is to be filed with Revenue Canada, Taxation or the Minister of Revenue of Quebec) to compute the automobile taxable benefit standby charge using a reduced factor of 1.5% instead of 2% where the employee is employed principally (i.e. more than 50%) in selling or leasing automobiles.

If the employer uses the option for purposes of the computation, the cost of the automobile will be determined as the greater of :

a) average cost of new automobiles acquired in the year for sale or lease.

b) average cost of all (new and used) automobiles acquired in the year for sale or lease.

These two items are computed excluding GST/HST and PST/QST. In addition, the prescribed amount with respect to operating costs benefit is 11¢ per kilometre driven for personal use, rather than 14¢.

GST/HST Computation, Reporting and Remittance

Computation

Generally the amount of the net remittable GST with respect to a particular employee will include 6/106 of the standby charge before deducting reimbursements, and 5% of the operating costs benefit, also before deducting

reimbursements. For HST provinces, the prescribed rates are 14/114 of standby charge and 11% of operating costs benefit.

Where the GST/HST with respect to employee reimbursements has been remitted throughout the year it will be subtracted from the amount of the net remittable GST/HST, since the calculation of remittable GST/HST includes reimbursements.

Liability

In all situations the employer has to remit the amount of the GST/HST included in the taxable benefit except in the following circumstances under which an employer will not have claimed an input tax credit (ITC) on acquisition or lease of the automobile:

a) the employer acquired the automobile in 1991 and was not allowed to claim an input tax credit as a result of section 170 of the GST/HST;

b) an election not to claim an ITC was made by the employer pursuant to amended section 173(2) of the GST. This election is available to employers other than financial institutions who lease an automobile and the automobile is not used primarily in commercial activities, or employers who are financial institutions who acquire or lease an automobile;

c) the employer is an individual or partnership and the automobile is not used 90% or more in commercial activities, and;

d) the employer is not an individual, partnership or financial institution and the automobile is not used primarily (more than 50%) in commercial activities.

Timing of Reporting

1. Employees other than shareholders

   The GST/HST with respect to taxable benefits will be deemed to have arisen on the last day of February following the calendar year and the GST/HST will be reported on the GST/HST return covering the period which includes that day.

2. Shareholders

   The GST/HST with respect to taxable benefits will be deemed to have arisen on the last day of the employer's taxation year in which the automobile was made available to the shareholder and the GST/HST will be reported on the GST/HST return covering the period which includes that day.

QST Reporting

The amount of net remittable QST with respect to a particular employee will include 7.5/107.5 of the standby charge before deducting reimbursements, and 5.7% of the operating costs benefit, also before deducting reimbursements.

APPENDIX A

Input Forms: Alberta


```
AUTOMOBILE TAXABLE BENEFIT
INPUT FORM
AUTOMOBILE OWNED

Employer : _____

Employee : _____    Number : _____

VEHICLE DESCRIPTION

        Description          : _____
        Serial number        : _____

      * Acquisition cost     : _____

        Date vehicle made
        available            : _____   Date returned : _____

ANNUAL DATA

    USAGE
        Kilometres driven     Total    : _____
                              Personal : _____

REIMBURSEMENTS

           Standby charge             : _____
           Operating costs            : _____
         ** Actual operating costs    : _____
           (Including G.S.T.)

*   Excluding G.S.T.
**  Only applicable where employee made reimbursements
    with respect to personal use of the vehicle        AvanTax System I (c)
                                                     ELM Computer Systems Inc.
```

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6444444444444444444444444444444444444444444444444444444444444444444444444444444447
5                                                                               5
5                          AUTOMOBILE TAXABLE BENEFIT                           5
5                                  INPUT FORM                                   5
5                              AUTOMOBILE LEASED                                5
5                                                                               5
:4444444444444444444444444444444444444444444444444444444444444444444444444444444<
5                                                                               5
5 Employer : ____________________________________________                       5
5                                                                               5
5 Employee : ___________________________________    Number : _______________     5
5                                                                               5
K)))))))))))))))))))))))))))))))))))))))))))))))))))))))))))))))))))))))))))))))M
5                                                                               5
5 VEHICLE DESCRIPTION                                                           5
5                                                                               5
5              Description            : ____________________________________    5
5              Serial number          : ____________________                   5
5                                                                               5
5            * Leasing cost           : _______[ ] Period   [ ] Month           5
5                                                                               5
5              Date vehicle made                                                5
5              available              : ________   Date returned : ________    5
5                                                                               5
K)))))))))))))))))))))))))))))))))))))))))))))))))))))))))))))))))))))))))))))))M
5                                                                               5
5 ANNUAL DATA                                                                   5
5                                                                               5
5         USAGE                                                                 5
5              Kilometres driven       Total    : _______                       5
5                                      Personal : _______                       5
5                                                                               5
K) ) ) ) ) ) ) ) ) ) ) ) ) ) ) ) ) ) ) ) ) ) ) ) ) ) ) ) ) ) ) ) ) ) ) ) ) ) ) M
5                                                                               5
5                                                                               5
5 REIMBURSEMENTS                                                                5
5                                                                               5
5                 Standby charge               : _______                      5
5                 Operating costs              : _______                      5
5              ** Actual operating costs       : _______                      5
5                 (Including G.S.T.)                                            5
5                                                                               5
K)))))))))))))))))))))))))))))))))))))))))))))))))))))))))))))))))))))))))))))))M
5 *   Excluding G.S.T. and insurance                                            5
5 **  Only applicable where employee made reimbursements                        5
5     with respect to personal use of the vehicle         AvanTax System I (c) 5
5                                                  ELM Computer Systems Inc.    5
9444444444444444444444444444444444444444444444444444444444444444444444444444444448
```

APPENDIX B

Input Forms: Quebec


```
                    AUTOMOBILE TAXABLE BENEFIT
                           INPUT FORM
                       AUTOMOBILE OWNED

Employer : _____________________________________

Employee : _____________________________________    Number : _______________

VEHICLE DESCRIPTION

             Description           : _____________________________________
             Serial number         : _____________________
             Acquired before 1992 ? : ___

           * Acquisition cost       : _______
             P.S.T. on acquisition  : _______

             Date vehicle made
             available             : ________   Date returned : ________

ANNUAL DATA

        USAGE
             Kilometres driven       Total    : _______
                                     Personal : _______

REIMBURSEMENTS

                Standby charge               : _______
                Operating costs              : _______
             ** Actual operating costs       : _______
                (Including G.S.T. and P.S.T.)

*   Excluding G.S.T. and P.S.T.
**  Only applicable where employee made reimbursements
    with respect to personal use of the vehicle         AvanTax System I (c)
                                                  ELM Computer Systems Inc.
```

```
6444444444444444444444444444444444444444444444444444444444444444444444444444444447
5                                                                               5
5                          AUTOMOBILE TAXABLE BENEFIT                           5
5                                  INPUT FORM                                   5
5                               AUTOMOBILE LEASED                               5
5                                                                               5
:444444444444444444444444444444444444444444444444444444444444444444444444444444<
5                                                                               5
5 Employer : ____________________________________________                       5
5                                                                               5
5 Employee : ___________________________________    Number : _______________     5
5                                                                               5
K)))))))))))))))))))))))))))))))))))))))))))))))))))))))))))))))))))))))))))))M
5                                                                               5
5 VEHICLE DESCRIPTION                                                           5
5                                                                               5
5              Description            : ____________________________________    5
5              Serial number          : ____________________                   5
5                                                                               5
5            * Leasing cost           : _______[ ] Period   [ ] Month          5
5              P.S.T. on lease        : _______                                5
5                                                                               5
5              Date vehicle made                                                5
5              available              : ________   Date returned : ________    5
5                                                                               5
K)))))))))))))))))))))))))))))))))))))))))))))))))))))))))))))))))))))))))))))M
5                                                                               5
5 ANNUAL DATA                                                                   5
5                                                                               5
5         USAGE                                                                 5
5              Kilometres driven       Total    : _______                       5
5                                      Personal : _______                       5
5                                                                               5
K) ) ) ) ) ) ) ) ) ) ) ) ) ) ) ) ) ) ) ) ) ) ) ) ) ) ) ) ) ) ) ) ) ) ) ) ) ) ) M
5                                                                               5
5                                                                               5
5 REIMBURSEMENTS                                                                5
5                                                                               5
5                 Standby charge               : _______                      5
5                 Operating costs              : _______                      5
5              ** Actual operating costs       : _______                      5
5                 (Including G.S.T. and P.S.T.)                                 5
5                                                                               5
K)))))))))))))))))))))))))))))))))))))))))))))))))))))))))))))))))))))))))))))M
5 *   Excluding G.S.T.,P.S.T. and insurance                                     5
5 **  Only applicable where employee made reimbursements                        5
5     with respect to personal use of the vehicle         AvanTax System I (c) 5
5                                                    ELM Computer Systems Inc. 5
9444444444444444444444444444444444444444444444444444444444444444444444444444444448
```

APPENDIX C

Input Forms: Other Provinces


```
                        AUTOMOBILE TAXABLE BENEFIT
                               INPUT FORM
                            AUTOMOBILE OWNED

Employer : _____________________________________

Employee : _____________________________________    Number : _______________

VEHICLE DESCRIPTION

             Description           : _____________________________________
             Serial number         : _____________________

           * Acquisition cost      : _______
             P.S.T. on acquisition : _______

             Date vehicle made
             available             : ________   Date returned : ________

ANNUAL DATA

        USAGE
             Kilometres driven       Total    : _______
                                     Personal : _______

REIMBURSEMENTS

                Standby charge               : _______
                Operating costs              : _______
             ** Actual operating costs       : _______
                (Including G.S.T. and P.S.T.)

*   Excluding G.S.T. and P.S.T.
**  Only applicable where employee made reimbursements
    with respect to personal use of the vehicle         AvanTax System I (c)
                                                     ELM Computer Systems Inc.
```

```
6444444444444444444444444444444444444444444444444444444444444444444444444444444447
5                                                                                5
5                         AUTOMOBILE TAXABLE BENEFIT                             5
5                                 INPUT FORM                                     5
5                             AUTOMOBILE LEASED                                  5
5                                                                                5
:444444444444444444444444444444444444444444444444444444444444444444444444444444444<
5                                                                                5
5 Employer : ____________________________________                                5
5                                                                                5
5 Employee : ____________________________________    Number : _______________     5
5                                                                                5
K))))))))))))))))))))))))))))))))))))))))))))))))))))))))))))))))))))))))))))))))M
5                                                                                5
5 VEHICLE DESCRIPTION                                                            5
5                                                                                5
5              Description            : ____________________________________    5
5              Serial number          : ____________________                    5
5                                                                                5
5            * Leasing cost           : _______[ ] Period   [ ] Month           5
5              P.S.T. on lease        : _______                                 5
5                                                                                5
5              Date vehicle made                                                 5
5              available              : ________   Date returned : ________     5
5                                                                                5
K))))))))))))))))))))))))))))))))))))))))))))))))))))))))))))))))))))))))))))))))M
5                                                                                5
5 ANNUAL DATA                                                                    5
5                                                                                5
5         USAGE                                                                  5
5              Kilometres driven       Total    : _______                       5
5                                      Personal : _______                       5
5                                                                                5
K) ) ) ) ) ) ) ) ) ) ) ) ) ) ) ) ) ) ) ) ) ) ) ) ) ) ) ) ) ) ) ) ) ) ) ) ) ) ) ) M
5                                                                                5
5                                                                                5
5 REIMBURSEMENTS                                                                 5
5                                                                                5
5                 Standby charge                : _______                        5
5                 Operating costs               : _______                        5
5              ** Actual operating costs        : _______                        5
5                 (Including G.S.T. and P.S.T.)                                  5
5                                                                                5
K))))))))))))))))))))))))))))))))))))))))))))))))))))))))))))))))))))))))))))))))M
5 *   Excluding G.S.T.,P.S.T. and insurance                                      5
5 **  Only applicable where employee made reimbursements                        5
5     with respect to personal use of the vehicle         AvanTax System I (c) 5
5                                                        AvanTax Software Inc. 5
9444444444444444444444444444444444444444444444444444444444444444444444444444444448
```

APPENDIX D

Reduced Benefit: Election Forms

FEDERAL AUTOMOBILE TAXABLE BENEFIT

Employer:_____

I hereby elect to have my automobile benefit computed pursuant to paragraph 6(2.2) of the Canadian Income Tax Act.

Signed:_____

Date:_____

PROVINCIAL AUTOMOBILE TAXABLE BENEFIT

Employer:_____

I hereby elect to have my automobile benefit computed pursuant to Section 41.1 of the Quebec Taxation Act.

Signed:_____

Date:_____

APPENDIX E

Reports

TAXABLE BENEFITS SUMMARY - AUTOMOBILES
Taxation year 1999

PAGE: 1

Employer : Auto Perform Inc.

Employee name / Employee number	FEDERAL	PROVINCIAL
Hendricks, Roger 101	1 283	1 283
Thomas, Marcie 102	1 263	1 263
Employer total :	2 546	2 546

ESTIMATED TAXABLE BENEFITS - AUTOMOBILES
Taxation year 2000

PAGE: 1

Employer : Auto Perform Inc.

Employee name / Employee number	Periods	FEDERAL Total	FEDERAL Per pay	PROVINCIAL Total	PROVINCIAL Per pay
Hendricks, Roger 101	24	1 283	53	1 283	53
Employer total :		1 283	53	1 283	53

```
                        STATUS REPORT - AUTOMOBILES
                             Taxation year 1999
                                                                    PAGE:  1
Employer : Auto Perform Inc.

Employee name                          Vehicles      Calculations
Employee number                        available     completed
------------------------------         ---------     ------------
Hendricks, Roger                           1             1
101

Thomas, Marcie                             1             1
102
```

```
                      NET REMITTABLE G.S.T. - AUTOMOBILES
                             Taxation year 2000
                                                                    PAGE:  1
Employer : Auto Perform Inc.

                                       G.S.T. INCLUDED IN
                                       __________________
Employee name                          Standby Operating
Employee number                        charge    cost          Total
------------------------------         ------- ---------       -------
Hendricks, Roger                           201        36           237
101

Thomas, Marcie                              52        17            69
102

                                       ------- ---------       -------
                          Employer total :  253        53           306
                                       ======= =========       =======
```



```
============================  TAXATION YEAR 1999  ============================
Employer : Auto Perform Inc.                                FEDERAL
Employee : Hendricks, Roger                                 taxable benefit
Number   : 101                                              Automobile      :   1 283
Vehicle  : 98 Ford Taurus
================================================================================
          Acquisition cost                                          :  13 000
          G.S.T. on acquisition                                     :     910
          Q.S.T. on acquisition                                     :     904
          Acquired before 1992 (Y/N)                                :     No

          Number of days vehicle available                          :     365
          Kilometres driven                              Total      :  32 000
                                                         Personal   :   5 200

          Employee Reimbursements
            Standby charge                                          :   3 000
            Operating costs                                         :       0
================================================================================


Standby charge                                                      Regular
______________                                                      _______


          12 000
          ------- x  2% x  14 814 x 12 =                  3 555
          12 000

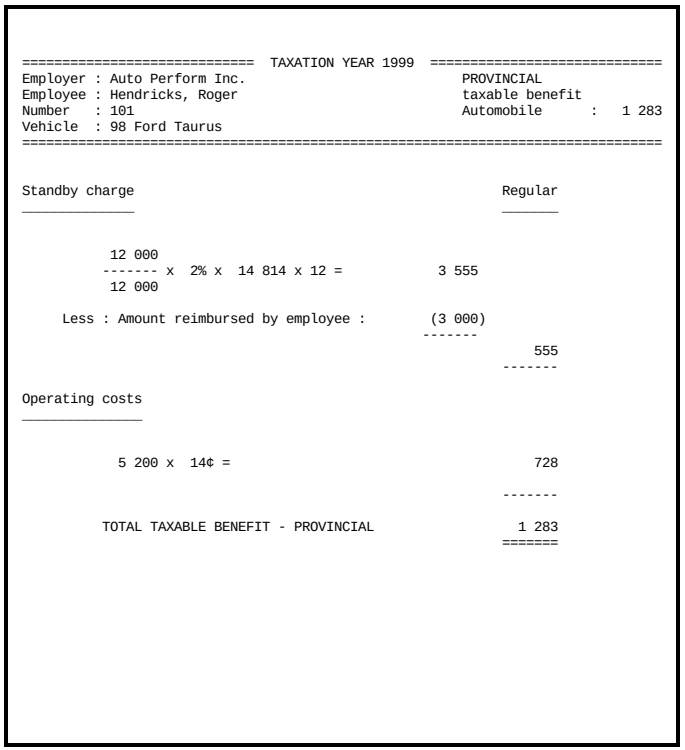
     Less : Amount reimbursed by employee :              (3 000)
                                                         -------
                                                                        555
                                                                    -------

Operating costs
_______________


           5 200 x  14¢ =                                               728

                                                                    -------

          TOTAL TAXABLE BENEFIT - FEDERAL                             1 283
                                                                    =======
```



```
============================  TAXATION YEAR 1999  ============================
Employer : Auto Perform Inc.                          PROVINCIAL
Employee : Hendricks, Roger                           taxable benefit
Number   : 101                                        Automobile      :   1 283
Vehicle  : 98 Ford Taurus
================================================================================


Standby charge                                                  Regular
______________                                                  _______


          12 000
         ------- x  2% x  14 814 x 12 =            3 555
          12 000

     Less : Amount reimbursed by employee :        (3 000)
                                                  -------
                                                                  555
                                                                -------

Operating costs
_______________


           5 200 x  14¢ =                                         728

                                                                -------

         TOTAL TAXABLE BENEFIT - PROVINCIAL                       1 283
                                                                =======
```