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**AVANTAX** SOFTWARE

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# **Automobile Taxable Benefits Software**

2001 Windows version

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

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**ELM Computer Systems Inc.**

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2001 Windows version

Calculate automobile taxable  
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AvanTax

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AvanTax

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**CHAPTER 1****Introduction****Welcome to AvanTax**

The AvanTax 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 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 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 Software, and you may telephone, fax, or email us with your questions about the installation and use of the Program.

<b>Toll Free:</b>	<b>1-800-268-3211</b>
<b>in Toronto:</b>	<b>(416) 495-1624</b>
<b>in French:</b>	<b>(450) 442-3001</b>
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## CHAPTER 2

# Getting Started

## Hardware Requirements

### Computer

IBM-compatible 486 or Pentium computer with Windows 95/98/or NT.

### RAM

8 Mb RAM.

### Disk Space

At least ten megabyte of free space on hard drive.

### Printer

A Windows compatible printer.

## Installing AvanTax

To install AvanTax:

1. Insert the first diskette or the CD in an appropriate drive.
2. Run "setup.exe".
3. Follow the instructions on the screen. You may select any available directory for the program; the default directory is C:\Program Files\AvanTax. If you used the 2000 version of AvanTax, we recommend that you install the 2001 version in the same directory as the 2000 version. You will still be able to run the 2000 program and access the 2000 data exactly as before. Installing in the same directory as the 2000 version will cause the 2000 data to be automatically brought forward to 2001. If you choose to put the 2001 version in a different directory than the 2000 version, you will need to use the **Bring Forward Previous Year's Data** function in the **File** menu.

## Network Installation

Install AvanTax on an appropriate network drive, and in the same directory, from each workstation that will be using the program.

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## Starting AvanTax

The installation process will add AvanTax to your program list. Click on the AvanTax icon to start the program. AvanTax will create a database in the program directory. The database will be named AVT2001.MDB

The first time you start AvanTax a Welcome screen is displayed from which you are given the opportunity to register the program. Click on the **Registration** button and in the box provided enter your authorization number (from the front cover of your AvanTax manual or, if you ordered AvanTax online, from the email we sent you). If you choose not to register the program at this time, you can click on the **Start** button to begin the program. However, the unregistered program will allow only one company record, one employee record, and one vehicle record to be entered. Once the program has been registered, the welcome screen will no longer be displayed upon startup.

## New Releases

Once you have installed an AvanTax 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.

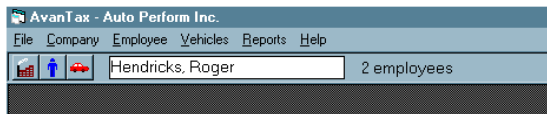
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## CHAPTER 3

# Menus

## Main Menu

When you start AvanTax, 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 company and employee information, and print reports and summaries. You may enter as many separate companies as you require and there is no limit on the number of employees each company can have.



## Sub Menus

### File

The File menu contains the Printer Setup and Exit commands. There are also functions to import data from a DOS version of AvanTax, to repair the database, and to change the authorization number. See Chapter 4 for details on these commands.

### Company

Each company has a separate record which contains the company information. There is no practical limit to the number of companies that can be created, but only one company can be accessed at a time. This company is referred to as the *current company*. The name of the current company is always displayed in the title bar of the AvanTax window.

The commands listed in the Company menu are used to create, delete, and edit the company information records as well as to switch between companies. See Chapter 5 - Company Management for more details.

### Employees

Each company has a separate list of employees associated with it. The commands in the employee menu allow you to create, delete, edit, and switch between these employee records. As with companies, you can access only one

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employee at a time. The name of this current employee will always be displayed to the right of the icon tool bar on the main menu along with the total number of employee records entered for the current company. See Chapter 6 - Employee Management for more details.

### Vehicles

A Vehicle Information record should be entered for every vehicle that was available to each employee during the year. The details required to calculate the taxable benefit are recorded here. Use the commands from this menu to create, edit, and delete these vehicle information records. See Chapter 7 - Vehicle Management for more details.

### Reports

The commands in the Reports menu are used to generate the various reports available from AvanTax. These include the Company Summary reports and the Employee Detailed Computation. You may also print data entry forms, which can be used to collect the necessary data. See Chapter 8 - Reports for further information.

### Help

The Help menu allows you access to the help files. **Contents** will display a table of contents of all the help titles. The **Search for Help On** command will allow you to enter a word or phrase to search for in the help files. To access help about the window you are currently working in, press the F1 key. If context sensitive help exists for that window, it will appear.

The **About** command displays information regarding your AvanTax software such as which version of the software you are currently using. This window also has a System Info button which reports the hardware and software available on your computer. You could be asked to access this information by the technical support staff were you to require technical assistance.

## Tool Bar Icons

Each screen has a number of icons in the tool bar for quick access. In each case there is a corresponding keyboard short-cut also available. The following is a description of the function of these icons.



### New (Ctrl + N)

Creates a new record of the type indicated at the top of the window. (Company, employee or vehicle).



### Save (Ctrl + S)

Saves the record currently displayed.



### Print (Ctrl + P)

Accesses the Print Reports window.

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**Company (Alt + C, E)**

Opens the Company information window for the current company. If there are no companies in the database, a new company information record will be opened.



**Employees (Alt + E, E)**

Opens the Employee information window for the current employee. If there are no employees for the current company, a new employee information record will be opened.



**Vehicles (Alt + V, E)**

Opens the Vehicle information window for the current employee. If there are no vehicles for the current employee, a new vehicle information record will be opened.



**Delete (Ctrl + D)**

Deletes the current record. You will be asked to confirm that you wish to delete the record.



**First (Ctrl + F)**

Moves to the first record.



**Previous (Ctrl + <)**

Moves to the previous record.



**Next (Ctrl + >)**

Moves to the next record.



**Last (Ctrl + L)**

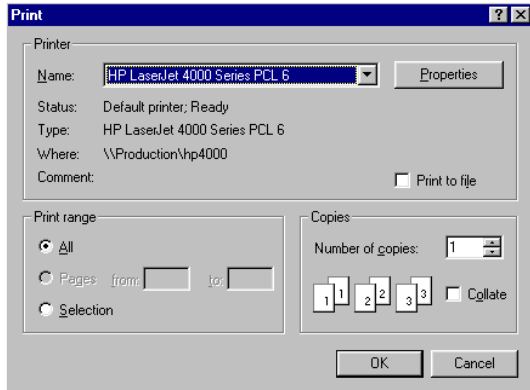
Moves to the last record.

**CHAPTER 4**

**File Menu Commands**

**Printer Setup**

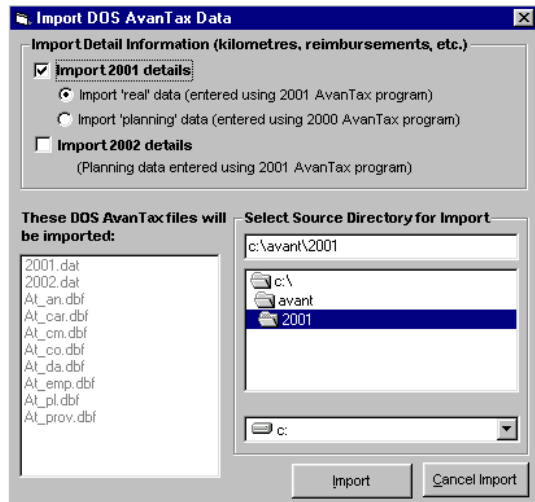
To choose a printer, select **Printer Setup** from the **File** menu. A Print window will open listing the printer currently selected. You may choose a different printer by clicking on the current printer name and selecting from the list that appears. If an appropriate printer is not listed, you will need to add the printer to the list using the Windows control panel.



You may also select the number of copies to print (the default is one). When you have entered all the desired settings click on OK to save the choices.

**Import DOS AvanTax Data**

To import information from the DOS version of AvanTax, select **Import DOS AvanTax Data** from the **File** menu. Information stored in any DOS version of AvanTax can be imported into the Windows version.



The Import Data screen shows the DOS AvanTax files that are available to be imported and the directory in which the files are found. You can change the directory and path until the files that you desire to import are listed.

**Import Detailed Information**

At the top of the Import Data screen there are options concerning the type of data you wish to import. In all cases the company, employee and vehicle information will be imported, including the dates the vehicles were made available and returned. If you check the *Import 2001 Details* box, AvanTax will import the kilometres, days available, and reimbursement data for 2001 that is stored in the DOS version. You should indicate whether this data was entered as current year data in the 2001 version of AvanTax or as planning year data in the 2000 version. Checking the *Import 2002 Details* box will cause AvanTax to include the usage

and reimbursement data for 2002 which you entered as planning year data in the 2001 version. This option will only be available if the file 2002.DAT is available to import.

## Database Repair

The Database Repair routine in AvanTax may be used to recover from certain types of file corruption caused by power failures, software problems, many hardware problems, and most common types of operator errors. However, certain situations such as physical damage to the data storage media (hard drive or disks), or inadvertent erasure of files cannot be rectified by this routine.

The Repair Database routine should be run if you get an error message about a corrupted database. This is done by selecting **Database Repair** from the **File** menu. As part of the database repair, AvanTax will check the database structure, execute low level repair, fix any null values, and compact the database. Any data that cannot be fixed will be discarded. You will be informed when the repair is complete.

### TIP

It's a good idea to back up your database before attempting to repair it. To do this exit the AvanTax program, locate the file AVT2001.MDB in your program directory, and make a copy of it. You can put the copy on a diskette, or in the same directory with a different name.

## Change Authorization Number

To change from a single user to a network version of AvanTax (or visa versa), you will need to enter a different authorization number. Select **Change Authorization Number** from the **File** Menu to delete the authorization number that is currently in use. Then exit the program. The next time you start AvanTax you will have the option to register the program. Enter the new authorization number at this time.

## Set per km rates for operating cost benefit

Select this function from the **File** menu to change the rate at which the operating cost benefit is calculated. You can accept or edit the default rate for the standard rate or the leasing business rate for both 2001 and 2002.

## Reset per km rates to default rates

Use this function of the **File** menu to reset the per km rates to \$0.16 for a standard company or \$0.13 for an auto dealership or leasing business.

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## CHAPTER 5

# Company Management

## Creating a Company Record

You can enter as many company records as you require. To create a new company record, select the **New** command from the **Company** menu or click the **New** icon from within the company window.

You may now insert specific information with respect to the employer.

### Company File Number

This field is optional and is used internally for identification purposes only. The number will not appear on any reports. We recommend that you use the federal employer account number as the company file number.

### Name

The company name should be entered in the same manner as you wish it to appear on all reports.

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### Address

These fields are optional. The company address is not printed on any of the reports. However, the address may be used to further identify a company.

### Province

The province code entered on the company information screen will become the default province code for all of the employees added to the company. This, in turn, will determine the tax rates used, and for Quebec, whether provincial taxable benefits will be calculated and displayed, and whether the QST Remittable report will be available. Either type in the appropriate two character province code, or select it from the dropdown list.

### Pay Periods Per Year

This value will be used by the software to produce the "per pay period" estimated taxable benefit. The number entered here will be used as the default value for all employees added to the company. If, however, some employees are paid a different number of times per year, the number can be adjusted on the Employee Information screen.

### Pay Periods to Date

To aid in the calculation of the taxable benefit per remaining pay period on the employee information screen, it is necessary to indicate the number of pay periods that have already passed. The value entered here, on the company information screen, will be used as the default value for any new employees added to the company.

### Car Dealership

Where the employer operates a car dealership or leasing business, you should check the auto dealership check box. This will ensure that salespersons' or leasing agents' taxable benefits are properly computed (see Salesperson on page 6-2).

### Average Cost

Once you have indicated that an employer operates a car dealership or leasing business you will be able to enter the average cost applicable to computations of taxable benefits for salespersons/leasing agents (see Car Dealerships and Leasing Businesses on page 9-4). The average cost will be automatically inserted as the vehicle cost applicable to salespersons when completing the vehicle description for these employees. Note that the average cost must include GST/HST but PST is not applicable.

AvanTax allows you to insert the average costs with respect to the current year and next year (the "planning year"). At the beginning of the planning year you should insert your estimated average cost for the year. This will allow you to calculate per pay period estimates for next year. The average cost box can only be accessed if the company is an auto dealership or leasing business. Otherwise the actual cost of the vehicle is used in all calculations. The actual cost of the vehicle is entered on the Vehicle Information screen.

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## Editing Company Information

After a company record has been created, the company information can be edited at any time. Simply select the **Edit** command from the **Company** Menu. The company information screen for the current company will appear. You can switch between companies using the arrow icons in the tool bar.

## Selecting a Company

Although you can enter as many company records as you desire, you are only able to access one company at a time. The name of the current company will always be displayed on the title bar of the AvanTax window. To switch to another company choose the **Select** command from the **Company** menu. This will open a list with the company names. Highlight the desired company name using the mouse or the cursor arrow keys. Then either hit the Enter key or click on the OK button.

## Deleting a Company

If you select the **Delete** command in the **Company** menu a verification message will be displayed requesting your confirmation to delete the company record. Once that process is activated all of the employees and their associated vehicle records for that company will be deleted. You can also delete a company record by clicking on the delete icon on the tool bar at the top of the Company Information screen. Again, you will be asked to confirm the deletion before AvanTax will permanently erase the company record.

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## CHAPTER 6

# Employee Management

## Creating an Employee Record

You must create an employee record for each employee to whom a vehicle was made available. To do this, select the **New** command from the **Employee** menu or click on the new icon from within the employee information screen. This command will call up the following data input screen:

Taxable Benefit		Single Vehicle	Combined Vehicles
Current year (2001)	447		441
Planning year (2002)	0		0

Taxable Benefit Per Pay Period		2001	2002
Pay periods per year	52	48	0
Pay periods to date			
Amount for the year (all vehicles)		441	0
Amount included to date	365		0
Amount per remaining pay period	19		0

Vehicles	Available	Returned
Ford Van	01-Mar-01	
Dodge Van	01-Jan-01	28-Feb-01

### Employee File Number

This field is optional. It is included to allow for distinction between employees other than by name. Reports may be sorted by file number. You can enter the employees SIN number, an internal employee number, or leave the field blank.

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### Department

A department name of up to six characters can be assigned to each employee if desired. This will allow for the printing of company and employee reports by department. Be careful to be consistent with the spelling of the department name, since only exact matches will be included in reports filtered by department.

### Employee Name

We suggest that you use the "family name, first name" input format (e.g. Berridge, Charles) to input the employee names. This will make searching for an employee easier since the employee list will appear in alphabetical order by family name.

### Province of Employment

This field is required to accurately calculate the taxes on the cost of vehicle(s) entered for the employee. If Quebec is chosen, it will cause the calculation and display of provincial taxable benefits. The default value will be the value entered on the company information screen. It can, however, be edited for each employee by simply typing the correct code, or selecting it from the drop down list.

### Pay periods

The number of pay periods will be set by default as the number of pay periods inserted in the company information screen. This number will allow the computation of the "per pay period" taxable benefit amount.

This field can be overridden, if required, by simply typing in the correct value. This may be necessary where some employees are paid more or less frequently than others, or where an individual is supplied with a vehicle part way through the year. In the latter circumstance the number of remaining pay periods in the year should be inserted.

### Salesperson

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 on page 9-4). If you check this box, AvanTax will use the average cost from the company information screen as the cost for the vehicle. In addition, AvanTax will compute the standby charge using the reduced rate of 1.5% instead of 2%; and the operating costs benefit will be calculated at 13¢ per kilometre instead of 16¢ per kilometre.

### Use Optional Calculation, if Beneficial

Under certain conditions there is an optional method of calculating the operating costs benefit for a vehicle as 50% of the standby charge (see Operating Cost section 2b on page 9-3). If this option is checked, AvanTax will use whichever calculation method is most beneficial to the employee. To use this method, the business use of the vehicle must be at least 50% and the employee must complete an election form prior to December 31<sup>st</sup> of the taxation year.

### Show Combined Vehicles

If the employee has more than one vehicle with dates in the current or planning year and these vehicles are either all leased or all purchased it may be beneficial

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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. When the Show Combined Vehicles box is checked, the program calculates and displays the taxable benefit using the combined data. This allows you to compare the taxable benefit calculated in the two different manners. You will need to indicate whether you want to treat the vehicles as individuals or combined when you produce the printed reports.

**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.

#### Taxable Benefit and Vehicles

These sections will be blank until vehicle information is entered. The data will be automatically updated with a summary of the data entered in the Vehicle Information screen. See Chapter 7 - Vehicle Management for details on entering vehicle information.

The Vehicles list show the name and available dates for each vehicle entered for the current employee. If there is more than one vehicle, the most recent vehicle will be listed first. The current vehicle will be highlighted.

As soon as usage and reimbursement values are entered and saved in the vehicle information screen the taxable benefit will be displayed. The Taxable Benefit section will show the calculated federal taxable benefit for the highlighted vehicle for both the current and planning years. There will also be a column for the Quebec taxable benefit if applicable. If the Show Combined Vehicles box has been checked, the taxable benefit for the combined vehicles will be displayed beside the value for the current vehicle.

Enter the number of pay periods to date (if different from the default value entered on the company information screen) along with the amount included to date. AvanTax will then calculate the amount of benefit per remaining pay period.

#### Editing Employee Information

After the employee record has been created, the employee information can be edited at any time. Simply select the **Edit** command from the **Employee** Menu. The employee information screen for the current employee will appear. You can switch between employees using the arrow icons in the tool bar.

#### Selecting an Employee

Although you can enter as many employees as you desire, you are only able to access one employee at a time. The name of the current employee will always be displayed beside the tool bar at the top of the main AvanTax window, along with the total number of employees entered for the current company. To switch to another employee choose the **Select** command from the **Employee** menu. This will open an alphabetic list of the employee names. (You can also see the list by simply clicking on the current employee name.) Highlight the desired employee name using the mouse or the cursor arrow keys. Then either hit the Enter key or click on the OK button.

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#### Deleting an Employee

If you select the **Delete** command in the **Employee** menu a verification message will be displayed requesting your confirmation to delete the employee record. Once that process is activated all of the information for the employee, and all of the vehicles for that employee, will be deleted. You can also delete an employee record by clicking on the delete icon from the tool bar at the top of the Employee Information screen. Again you will be asked to confirm the deletion before AvanTax will permanently erase the record.

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## CHAPTER 7

# Vehicle Management

#### Creating a Vehicle Record

Each employee should have a separate vehicle information record for each vehicle they had access to during the course of the year. To create these records, select the **New** command from the **Vehicle** menu. This will create a vehicle information record which will be associated with the current employee. The following data input screen will appear:

	Current year 2001	Planning year 2002
Number of days available	306	365
Total kilometres driven	122,094	0
Personal kilometres driven	1,652	0
Reimbursements re. standby charge	50	0
Reimbursements re. operating cost	100	0
Actual operating cost	0	0

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#### Description and Serial Number

This information is used to identify the vehicle. The description will appear on the employee's information screen and on printed reports. You may be as specific as you require.

#### Vehicle Cost

You must identify whether the automobile is owned or leased as this will affect whether the acquisition cost or the leasing costs will be used in the calculation of the taxable benefit. In either case you will be prompted to input the correct value and the related taxes.

With respect to leasing costs, you may insert the total leasing cost for the entire period of time the employee had the vehicle, or the monthly leasing cost. You must label the value you have entered by selecting either the 'monthly payment' or the 'period payment' option. 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 (see below). 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 click on the "Calc Tax" button to have the system calculate the tax at the rate appropriate for the employee's province of employment.

If you have 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 record. No PST/QST has to be entered in this case, however, the amount of GST/HST must be included in the average cost.

#### Date Automobile Made Available

Provide, for each vehicle, the date it was made available to the employee. Should the vehicle have been acquired prior to January 1 of the current year, you can input either January 1 or the actual date that the vehicle was received by the employee.

#### Date Automobile Returned

The input of the "Date returned" is important since the software will automatically determine the number of days an automobile was available to an employee. If this field is left blank, AvanTax will assume that the vehicle has not yet been returned and was therefore still available to the employee on December 31<sup>st</sup>.

#### Number of Days Available

When you enter the dates available and returned, AvanTax will automatically calculate the maximum number of days that the vehicle was accessible to the employee during the current year, or would be accessible during the planning

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year. If the vehicle was not available each day during the period, enter the actual number of days available.

### Total/Personal Kilometres Driven

Enter the total number of kilometres driven in this vehicle by this employee. On the next line enter the number of personal kilometres driven by the employee.

### 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 applies (see Reimbursements page 9-3).

### TIP

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

After all relevant information has been input click the Save icon or press Ctrl + S to save the data. Once the permanent information has been saved, the Vehicles List and taxable benefit information will be updated on the appropriate employee information screen.

## Editing Vehicle Information

After a vehicle record has been created, the vehicle information can be edited at any time. Simply select the **Edit** command from the **Vehicle** Menu. The vehicle information screen for the current vehicle will appear. You can switch between vehicles using the arrow icons in the tool bar.

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## Deleting a Vehicle

If you select the **Delete** command in the **Vehicle** menu a verification message will be displayed requesting your confirmation to delete the vehicle record. Once that process is activated all of the information for the vehicle will be deleted. You can also delete a vehicle record by clicking on the delete icon from the tool bar at the top of the Vehicle Information screen. Again you will be asked to confirm the deletion before AvanTax will permanently erase the record.

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## CHAPTER 8

# Reports

## Company Summaries

After selecting **Company Summaries** from the **Reports** menu the Company Summary Reports window will open.

### Selected Company

The name of the current company will appear in the Selected Company section. If the company currently listed is not the desired company, simply switch to it using the Select command from the Company menu.

### Provinces

Generally, you would leave this setting set to 'All Provinces'. However, in some cases, where you have companies with employee in more than one province, you may wish to produce reports for one specific province. In that case, click on 'Select' and then choose the desired province from the list in the box to the right.

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### Taxation Year

Indicate the year for which you want to produce reports. You may select either the current year or the planning year.

### Departments

You may produce reports that include 'All Departments', or you may type in the name of the one department you require the report for. Make sure that the department name is entered exactly as it appears on the employee information screen.

### Sort Employees By

You can choose the order in which the employees will be listed on the reports from the options listed. Whenever 'Name' is selected, the employees will be listed alphabetically by the full name as entered. To produce a listing that is alphabetical by family name the names must be entered in the Family Name, First Name format.

### Reports to Print

AvanTax provides you with the following company summary reports:

- Taxable Benefits Summary
- Employee/Vehicle List
- Taxable Benefits per Pay Period
- Remittable GST, and
- Remittable QST

Examples of these reports are provided in Appendix "E". You may select any one or more of these reports to print by checking the appropriate box(es). Then click on "Print" to proceed with the printing or "Preview" to view the report on screen.

## Employee Detailed Computation

The Employee Detailed Computation Reports window is very similar to the Company Summary Reports window. The following paragraphs describe the options unique to the employee detail report window.

Most of the options are the same as those for the Company Summary Reports.

### Employees

The employee selection will allow for the printing of just the current employee or all of the employees for the company. If the employee currently listed is not the desired employee, simply switch to it using the Select command from the Employee menu.

### Print Election Forms

Where the reduced benefit election applies and is determined to be beneficial to an employee, and you have indicated on the employee record that the employee will make this election, the applicable election form will be printed automatically following the employee's detailed computation if this box is checked.

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**Quebec Employees**

If there are employees with Quebec for their province of employment in the current company, you will be given the option of printing the federal taxable benefit report alone, the Quebec taxable benefit report alone, or both reports at the same time. Note: For the 2001 taxation year, the federal and Quebec calculations are identical. This option is available for future use.

**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.

**CHAPTER 9**

**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 this legislation 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; or
- 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".

**Personal Driving**

Personal driving is any driving by an employee, or a person related to the employee, for purposes other than in the course of his or her employment. This includes:

- vacation trips;
- driving for personal use; and
- travel between home and work (even if the employer insists that the employee drive the vehicle home).

**Number of Months**

The number of months, for the purposes of all taxable benefits calculations, is to be calculated as the total number of days available divided by 30 and rounded off to the nearest whole number if it is more than one.

**Computation of Taxable Benefits**

**Federal**

The automobile taxable benefit for purposes of the ITA is the sum of the standby charge benefit and the operating costs benefit minus any reimbursements the employee makes in the year. 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%

$$\begin{aligned} & 2\% \\ & \times \\ & \text{number of months} \\ & \times \\ & \text{cost of the vehicle} \\ & \text{(including PST and GST/HST)} \end{aligned}$$

- ii) if business use is equal to or greater than 90% and the number of personal-use kilometres in the taxation year is less than 12,000 kilometres.

$$\begin{aligned} & 2\% \\ & \times \\ & \text{no. of months} \times \text{1,000 km} \\ & \times \\ & \text{no. of months} \\ & \times \\ & \text{cost of the vehicle} \\ & \text{(including PST and GST/HST)} \end{aligned}$$

b) Employer Leased Car

- i) if business use is less than 90%

$$\begin{aligned} & 2/3 \text{ of lease costs} \\ & \text{(including GST/HST and PST, excluding insurance)} \end{aligned}$$

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

$$\frac{\text{personal km (max 1,000 km x no. of months)}}{\text{number of months x 1,000 km}} \times \frac{2}{3} \text{ of lease costs}$$

(including GST/HST and PST, excluding insurance)

## 2. Operating Costs Benefits

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

16¢ 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 standby charge and operating cost benefits, and then compute the QST taxable benefit.

The Quebec standby charge taxable benefit and operating cost benefits are computed using the same formulae as the Federal calculation.

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## 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:

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

These two items are computed including GST/HST and excluding PST/QST. In addition, the prescribed amount with respect to operating costs benefit is 13¢ per kilometre driven for personal use, rather than 16¢.

## 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.

### 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:

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

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- 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.

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**APPENDIX A**

# Data Entry Form

**Automobile Taxable Benefit Input Form**  
Taxation Year 2001

Employer: \_\_\_\_\_ File No.: \_\_\_\_\_  
 Province: \_\_\_\_\_  
 Employee: \_\_\_\_\_ Department: \_\_\_\_\_

Vehicle Information

Description: \_\_\_\_\_  
 Serial no.: \_\_\_\_\_  
 Cost: \_\_\_\_\_  
 GST/HST: \_\_\_\_\_  
 PST: \_\_\_\_\_

Usage Information

Date vehicle made available \_\_\_\_\_  
 Date vehicle returned \_\_\_\_\_  
 Days available, if not entire period \_\_\_\_\_  
 Total kilometres driven \_\_\_\_\_  
 Personal kilometres driven \_\_\_\_\_

Reimbursements

Re. standby charge \_\_\_\_\_  
 Re. operating costs \_\_\_\_\_  
 \*Actual operating costs  
 (including GST/HST and PST)

\* Only applicable where employee made reimbursements with respect to personal use of the vehicle

\_\_\_\_\_  
 Employee's signature

**APPENDIX B**

# Reduced Benefit Election Form

**Quebec Automobile Taxable Benefit**  
**Request to Use Optional Calculation**  
Taxation Year 2001

Employer: Gismo Manufacturing

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

\_\_\_\_\_  
 Murray, George

\_\_\_\_\_  
 Date

**Federal Automobile Taxable Benefit  
Request to Use Optional Calculation**  
Taxation Year 2001

Employer: Gismo Manufacturing

I hereby elect to have my automobile benefit calculated pursuant to Section 6(1)(k) of the Canadian Income Tax Act.

\_\_\_\_\_  
Murray, George

\_\_\_\_\_  
Date

\_\_\_\_\_  
AvanTax

\_\_\_\_\_  
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**APPENDIX C**

**Sample Reports**

**Automobile Taxable Benefits Summary Taxation Year 2001**

Company: Auto Perform Inc.

Employee Name	File No.	Prov	Dept	Taxable Benefit
Ashton, April	A123	NF	SALES	1,929
Barker, Brian	B053	NF	SALES	819
Carpenter, Carrie	C384	NF	ADMIN	1,064
Doby, Daryl	D913	NF	SALES	807
COMPANY TOTALS:				<u>4,619</u>

**Automobile Taxable Benefits Per Pay Period Taxation Year 2001**

Company: Auto Perform Inc.

Employee Name	Pay Pds		Federal Taxable Benefit			
	File No.	Per Yr	To Date	Total	To Date	Per pay
Ashton, April	A123	24	21	1,929	0	643
NF SALES						
Barker, Brian	B053	24	21	819	0	273
NF SALES						
Carpenter, Carrie	C384	24	21	1,064	0	355
NF ADMIN						
Doby, Daryl	D913	24	21	807	0	269
NF SALES						
COMPANY TOTALS:				<u>4,619</u>	<u>0</u>	<u>1,540</u>

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Employee and Vehicle List										Taxation Year 2001									
Company: Auto Perform Inc.										* before reimbursements									
Employee Name	Prov.	Dept.	File No.	Charge	Cost	S.C.	O.C.	Tax Incl.	Total	Prov.	Dept.	File No.	Charge	Cost	S.C.	O.C.	Tax Incl.	Total	
Ashton, April	NF	SALES	A123	1,575	354	193	39	232		Ashton, April	NF	SALES	A123	1,575	354	193	39	232	
Barker, Brian	QC	SALES	B053	669	150	82	16	98		Barker, Brian	QC	SALES	B053	669	150	82	16	98	
Carpenter, Carrie	QC	SALES	C384	869	195	107	21	128		Carpenter, Carrie	QC	SALES	C384	869	195	107	21	128	
Dobby, Daryl	QC	ADMIN	D913	659	148	81	16	97		Dobby, Daryl	QC	ADMIN	D913	659	148	81	16	97	
<b>COMPANY TOTALS:</b>										<b>COMPANY TOTALS:</b>									

Net Remittable GST/HST Re. Automobile Taxable Benefits										Taxation Year 2001									
Company: Auto Perform Inc.										* before reimbursements									
Employee Name	Prov.	Dept.	File No.	Charge	Cost	S.C.	O.C.	Tax Incl.	Total	Employee Name	Prov.	Dept.	File No.	Charge	Cost	S.C.	O.C.	Tax Incl.	Total
Ashton, April	NF	SALES	A123	1,575	354	193	39	232		Ashton, April	NF	SALES	A123	1,575	354	193	39	232	
Barker, Brian	QC	SALES	B053	669	150	82	16	98		Barker, Brian	QC	SALES	B053	669	150	82	16	98	
Carpenter, Carrie	QC	SALES	C384	869	195	107	21	128		Carpenter, Carrie	QC	SALES	C384	869	195	107	21	128	
Dobby, Daryl	QC	ADMIN	D913	659	148	81	16	97		Dobby, Daryl	QC	ADMIN	D913	659	148	81	16	97	
<b>COMPANY TOTALS:</b>										<b>COMPANY TOTALS:</b>									

Net Remittable QST Re. Automobile Taxable Benefits										Taxation Year 2001									
Company: Auto Perform Inc.										* before reimbursements									
Employee Name	Prov.	Dept.	File No.	Charge	Cost	S.C.	O.C.	Tax Incl.	Total	Employee Name	Prov.	Dept.	File No.	Charge	Cost	S.C.	O.C.	Tax Incl.	Total
Ashton, April	QC	SALES	A123	1,575	354	110	20	130		Ashton, April	QC	SALES	A123	1,575	354	110	20	130	
Barker, Brian	QC	SALES	B053	669	150	47	9	56		Barker, Brian	QC	SALES	B053	669	150	47	9	56	
Carpenter, Carrie	QC	SALES	C384	869	195	61	11	72		Carpenter, Carrie	QC	SALES	C384	869	195	61	11	72	
Dobby, Daryl	QC	ADMIN	D913	659	148	46	8	54		Dobby, Daryl	QC	ADMIN	D913	659	148	46	8	54	
<b>COMPANY TOTALS:</b>										<b>COMPANY TOTALS:</b>									

APPENDIX D

New in Windows Version

Federal Automobile Taxable Benefit Calculation Taxation Year 2001

Employee: Auto Perform Inc.  
 Employee: Ashton, April  
 Vehicle: Audi  
 Ser. No.:  
 File No.: A123  
 Province: NF  
 Department: SALES

Acquisition cost	35,600
GST/HST on acquisition	0
PST on acquisition	0
Number of days vehicle available	365
Number of months vehicle available	12.00
Total kilometres driven	36,250
Personal kilometres driven	2,950
Employee reimbursements re. standby charge	800
Employee reimbursements re. operating costs	400
Actual operating costs	0

**Standby Charge**

$$1.5\% \times 35,600 \times 12 \times \frac{2,950}{12,000} = 1,575$$

Less: Amount reimbursed by employee: (800) 775

**Operating Costs**

$$2,950 \times 0.12 = 354$$

Less: amount reimbursed by employee: (400) 0

**TOTAL FEDERAL TAXABLE BENEFITS** 775

### **Windows Program**

As a Windows program you have the benefit of a graphical user interface and the ability to use any windows printer.

### **Dates Available**

The date available and date returned need not be in the current or next year. Any date is acceptable. (This will allow you to enter the end date of a lease in a future year if you wish.) If the date falls outside of the year being calculated then the beginning or end of the year is assumed for the calculation of the number of days the vehicle was available in the year.

### **Year to Year Conversion**

Data entered as planning year data in one year can optionally be converted to current year real data the next year. Therefore, data that was entered as planning data in the 2000 DOS version can be imported into the 2001 Windows version as the current year data.

### **Number of Months Calculation**

In calculating the number of months a vehicle is available, the Windows version follows the guidelines given by Revenue Canada in the Employer's Guide to Payroll Deductions. The number of months is determined to be the number of days available, divided by 30, and rounded to the two decimal places if less than 1 month but otherwise rounded to the nearest whole number. The DOS version rounds to two decimal places even when more than one month.

### **Monthly Lease Cost**

If the lease cost of the vehicle is entered as the cost for the entire period available AvanTax determines the monthly lease cost. The DOS version calculates the number of whole and partial calendar months based on the dates available and returned. However, the Windows version determines the monthly lease cost based on 365/12 days in a month.

### **GST on Reimbursements Option**

The DOS version allowed you to indicate that GST on reimbursements was reported periodically. 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. The Windows version therefore does not include this option.

### **Additional Filtering and Sorting Options**

There are now additional filtering and sorting options available when printing reports that were not available in the DOS version. You may now filter the report printing to print reports for one province or one department. You can also sort the printing by department.