

**Tax Tip**  
**Week of January 4, 2010**

**Automobile Expense Limits for 2010**

The Department of Finance has announced the automobile expense deduction limits for 2010. They will remain unchanged from 2009. The rules for 2010 can be summarized as follows:

The ceiling for capital cost allowance on passenger vehicles will remain at \$30,000 (plus applicable federal and provincial sales taxes) for 2010.

The maximum allowable interest deduction for amounts borrowed to purchase an automobile will remain at \$300 per month.

The limit on deductible leasing costs will remain at \$800 per month (plus applicable federal and provincial sales taxes) for leases entered into after 2009.

The limit on the deduction of tax-exempt allowances paid by employers to employees using their personal vehicle for business purposes for 2010 will remain at 52 cents per kilometre for the first 5,000 kilometres driven and 46 cents for each additional kilometre. For Yukon, the Northwest Territories and Nunavut, the tax-exempt allowance will remain at 56 cents for the first 5,000 kilometres driven and 50 cents for each additional kilometre.

The rate used to determine the taxable benefit relating to the personal portion of automobile operating expenses paid by employers for 2010 will remain at 24 cents per kilometre.