



LIMITS AND RATES GOVERNING THE USE OF AN AUTOMOBILE FOR 2020

On December 19, 2019, the Minister of Finance of Canada announced, in a news release, the limits governing the deductibility of automobile expenses, as well as the rates used to calculate the value of the taxable benefits relating to the use of an automobile, that will apply for 2020.¹

In this regard, in keeping with the principle of substantial harmonization of tax legislation regarding automobiles, the various limits and rates governing the deductibility of automobile expenses and the calculation of the value of the taxable benefits relating to the use of an automobile contained in Québec's tax legislation and regulations will be, for 2020, the same as those applicable in the federal tax system. These limits and rates are presented in an appendix.

For information concerning this information bulletin, contact the Secteur du droit fiscal, de l'optimisation des revenus et des politiques locales et autochtones at 418 691-2236.

The English and French versions of this bulletin are available on the Ministère des Finances website at www.finances.gouv.qc.ca.

¹ Department of Finance Canada, News Release 19-110: "Government Announces the 2020 Automobile Deduction Limits and Expense Benefit Rates for Businesses," December 19, 2019, www.fin.gc.ca/n19/19-110-eng.asp.

APPENDIX

Limits governing the deductibility of automobile expenses and rates for benefits relating to the use of an automobile for 2020

| Automobile expenses or value of certain taxable benefits | Limit or rate |
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| Amount deductible from allowances paid by an employer to an employee according to distance travelled with the employee's automobile | |
| – For the first 5 000 kilometres: | as of January 1, 2020, the limit will increase from \$0.58/km to \$0.59/km. ⁽¹⁾ |
| – For additional kilometres: | as of January 1, 2020, the limit will increase from \$0.52/km to \$0.53/km. ⁽¹⁾ |
| Value of the benefit relating to operating expenses of an automobile that an employee uses for personal purposes, where the automobile is supplied by the employer | |
| – If the job consists mainly in selling or leasing automobiles during the taxation year: | as of January 1, 2020, the rate will remain at \$0.25/km. |
| – In other cases: | as of January 1, 2020, the rate will remain at \$0.28/km. |
| Maximum capital cost of non zero-emission passenger vehicles for the purposes of the capital cost allowance: | for vehicles acquired after 2019, the maximum capital cost will remain at \$30 000. ⁽²⁾ |
| Maximum capital cost of eligible zero-emission passenger vehicles ⁽³⁾ for the purposes of the capital cost allowance: | for vehicles acquired after 2019, the maximum capital cost will remain at \$55 000. ⁽²⁾ |
| Interest expenses eligible as a deduction: | for vehicles acquired after 2019, the limit will remain at \$300/month. |
| Leasing charges eligible as a deduction: | for leases entered into after 2019, the limit will remain at \$800/month. ⁽²⁾ |

(1) The limit will continue to be 4 cents higher per kilometre in Yukon, in the Northwest Territories and in Nunavut, to reflect the higher cost of maintaining and operating a vehicle in those territories. Accordingly, it will be \$0.63 per kilometre for the first 5 000 kilometres and \$0.57 for each additional kilometre.

(2) Before applicable sales taxes.

(3) Eligible zero-emission passenger vehicles include plug-in hybrids with a battery capacity of at least 7 kWh and vehicles that are fully electric or fully powered by hydrogen.