Human Resources Legislative Update

2012 Car Expense Benefit Rates, Deduction Limits Set

Date: December 29, 2011

On December 29, 2011, the federal government announced automobile expense deduction limits and the prescribed rates for the automobile operating expense benefits that will apply in 2012.

A number of deduction limits will remain the same, including:

- the existing, $30,000 capital cost allowance (“CCA”) ceiling with respect to passenger vehicles used for business purposes;
- the $800 per month limit on deductible leasing costs for leases entered into after 2011 (a separate restriction prorates deductible lease costs where the value of the vehicle exceeds the capital cost ceiling); and
- the $300 maximum allowable interest deduction for amounts borrowed to purchase an automobile, for loans related to vehicles acquired after 2011.