

BULLETIN D'INFORMATION

2003-1
January 10, 2003

Subject: Limits and rates governing the use of an automobile for the year 2003 and QST permanent exemption for speech-language pathology services

This information bulletin details the limits and rates governing the deductibility of automobile expenses and the calculation of the value of taxable benefits relating to the use of an automobile for the year 2003.

It also makes public the permanent exemption of speech-language pathology services in the Québec sales tax (QST) system.

For information concerning the matters dealt with in this information bulletin, contact the Secteur du droit fiscal et de la fiscalité at (418) 691-2236.

The French and English versions of this bulletin are available on the website of the ministère des Finances, de l'Économie et de la Recherche at www.mfer.gouv.qc.ca

Paper copies are also available, upon request, from the Direction générale des consultations et des affaires publiques at (418) 528-9321.

LIMITS AND RATES GOVERNING THE USE OF AN AUTOMOBILE

On December 20, 2002, the Minister of Finance of Canada announced, in a news release,¹ changes to certain limits governing the deductibility of automobile expenses and to rates applicable to calculation of the value of taxable benefits relating to the use of an automobile for the year 2003.

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 taxable benefits relating to the use of an automobile contained in Québec's tax legislation and regulations will be the same as those applicable for the purposes of the federal system. These limits and rates are described in the following table:

Limit / Rate	
Tax-exempt allowances paid by an employer to an employee based on the distance travelled with his automobile:	
– first 5 000 km	As of January 1, 2003, the limit will rise from 41 to 42 cents/km ¹
– additional kilometres	As of January 1, 2003, the limit will rise from 35 to 36 cents/km ¹
Benefit relating to the personal portion of automobile operating expenses when the automobile is supplied by the employer:	
– if the employment consists mainly in selling or leasing automobiles during the taxation year	As of January 1, 2003, the rate will rise from 13 to 14 cents/km
– in other cases	As of January 1, 2003, the rate will rise from 16 to 17 cents/km
Maximum capital cost of passenger vehicles for the purposes of the deduction for depreciation	For vehicles acquired after 2002, the maximum capital cost will remain at \$30 000 ²
Interest expenses eligible as a deduction	For vehicles acquired after 2002, the limit will remain at \$300/month
Leasing charges eligible as a deduction	For leases concluded after 2002, the limit will remain at \$800/month ²

1. The limit is 4¢ per kilometre higher in the Yukon Territory, Northwest Territories and Nunavut to reflect the higher cost of maintaining and operating a vehicle in these territories.
2. Before applicable sales taxes.

¹ Department of Finance Canada news release 2002-109.

HARMONIZATION WITH THE FEDERAL MEASURE CONCERNING THE PERMANENT EXEMPTION OF SPEECH-LANGUAGE PATHOLOGY SERVICES

On december 20, 2002, the Minister of Finance of Canada issued, by means of a news release,² draft amendments to the goods and services tax (GST) and to the harmonized sales tax.

These draft amendments are currently being studied at the ministère des Finances, de l'Économie et de la Recherche to determine if it is appropriate to harmonize the QST system with it, and the decisions in this regard will be announced at a later date.

However, it can be announced today that the QST system will be harmonized with the GST system regarding the permanent exemption of speech-language pathology services.

² Department of Finance Canada news release 2002-108.