

**AVANTAX** SOFTWARE

**Automobile  
Taxable  
Benefits  
Software**

2004 Version

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



**ELM Computer Systems Inc.**

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2004 Version

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



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# Introduction

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## 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, 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.

Avantax has been developed to provide payroll and HR 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.

**Toll Free:** 1-800-268-3211  
**in French:** (450) 441-6605  
**Fax Number:** (416) 495-0044  
**in Toronto:** (416) 495-1624  
**E-Mail:** support@avantax.ca  
**Web site:** www.avantax.ca

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# Getting Started

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## Hardware Requirements

### Computer

Pentium-class computer with Windows 98/NT/ME/2000/XP.

### RAM

8 Mb RAM.

### Disk Space

At least ten megabytes 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 “avtsetup.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 2003 version of AvanTax, we recommend that you install the 2004 version in the same directory as the 2003 version. You will still be able to run the 2003 program and access the 2003 data exactly as before. Installing in the same directory as the 2003 version will cause the 2003 data to be automatically brought forward to 2004. If you choose to put the 2004 version in a different directory than the 2003 version, you can still roll the data forward by using 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.

## **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 AVT2004.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 your invoice 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.

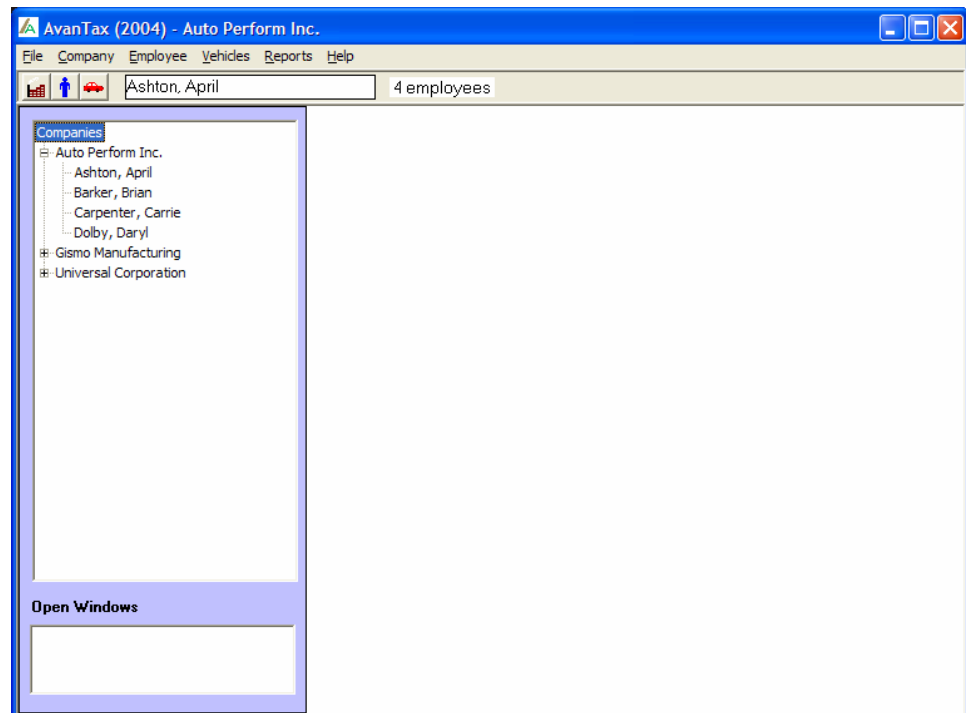
## **Choosing French or English**

AvanTax is a bilingual program. When you first start the program you will be asked to select French or English as your default language, but you can switch to the other language at any time. To switch from English to French, select “Français” from the File menu. To switch from French to English, select “English” from the Fichier menu. When you switch to English, the program will close and be in English when you restart it.

# 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.



## Company/Employee Selection Window

The Company/Employee Selection window on the left side of the AvanTax window allows you to quickly move from one company to another and from one employee to another within a company. When you click on a company name the company edit window will appear on the right side of the screen; likewise when you click on an employee name, the employee edit window will appear. When you move from one company or employee to another, the windows will automatically be kept in synch with each other. Only one company and one employee may be accessed at a time.

## Sub Menus

### File

The File menu contains the Printer Setup and Exit commands. There are also functions to switch languages, to repair the database, to set per kilometer rates 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 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 and mileage logs, 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, including the version number of the software you are currently using and your authorization number. 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.



### **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.

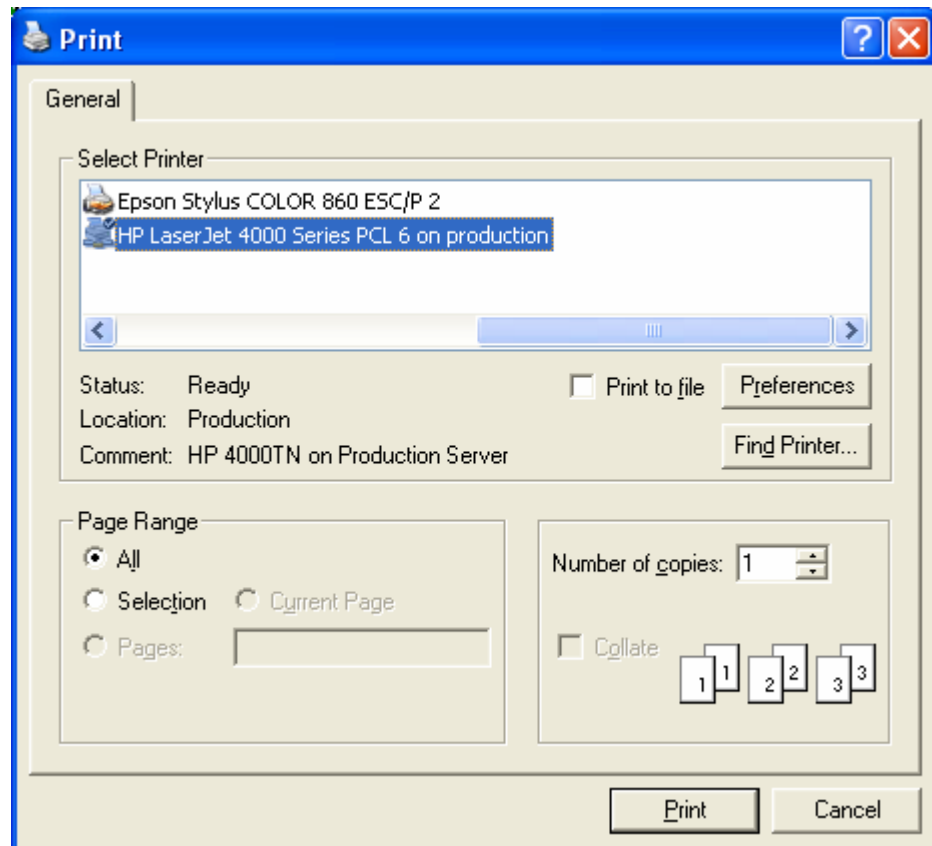


**Last (Ctrl + L)**  
Moves to the last record.

# 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.



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

## 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 AVT2004.MDB in your program directory, and make a copy of it.*

## 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 2004 and 2005.

## Reset per km rates to default rates

Use this function of the File menu to reset the per km rates to \$0.17 for a standard company or \$0.14 for an auto dealership or leasing business.

# 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.

The screenshot shows the AvanTax (2004) software interface. The main window is titled 'AvanTax (2004) - Auto Perform Inc.' and has a menu bar with 'File', 'Company', 'Employee', 'Vehicles', 'Reports', and 'Help'. Below the menu bar is a toolbar with icons for a printer, a person, a car, and a trash can. The main area is divided into two panes. The left pane, titled 'Companies', shows a tree view with 'Auto Perform Inc.' selected, containing sub-items: 'Ashton, April', 'Barker, Brian', 'Carpenter, Carrie', and 'Dolby, Daryl'. Below this are 'Gismo Manufacturing' and 'Universal Corporation'. The right pane, titled 'Company Information', contains the following fields:

File number	
Name	Auto Perform Inc.
Address	55 Bloor Street
City	Toronto
Province	ON
Postal code	M3H 4N8
Language (E / F)	English
Pay periods per year	24
Pay periods to date (2004)	21
Pay periods to date (2005)	0
<input type="checkbox"/> Auto dealership or leasing business	
Average cost (2004)	0
Average cost (2005)	0

At the bottom of the left pane is an 'Open Windows' section with a list containing 'Company Information'.

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.

### 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 Québec, 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 9-3). 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.

## **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 or right click the company name in the Company/Employee tree and click Edit. 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 you may use the Company/Employee tree, or 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.





# 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	
Current year (2004)	1,093
Planning year (2005)	0

Taxable Benefit Per Pay Period		2004	2005
Pay periods per year	24	Pay periods to date	21
Amount for the year (all vehicles)	1,093	Amount included to date	0
Amount per remaining pay period	364	Amount per remaining pay period	0

Vehicles	Available	Returned
2003 Audi	01-Jan-03	

### 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.

### 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 Québec 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 9-3). 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 14¢ per kilometre instead of 17¢ 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 31st 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 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 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 Québec 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.

## **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.

# 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:

Usage and Reimbursements		Current year 2003	Planning year 2004
Date available	01-Jan-2001		
Date returned			
Number of days available		365	366
Total kilometres driven		15,395	0
Personal kilometres driven		247	0
Reimbursements re. standby charge		0	0
Reimbursements re. operating cost		0	0
Actual operating cost		0	0

### 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.

#### 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.*

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.

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 31st.

#### **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 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).

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.

*TIP*

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

## **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.

## **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.

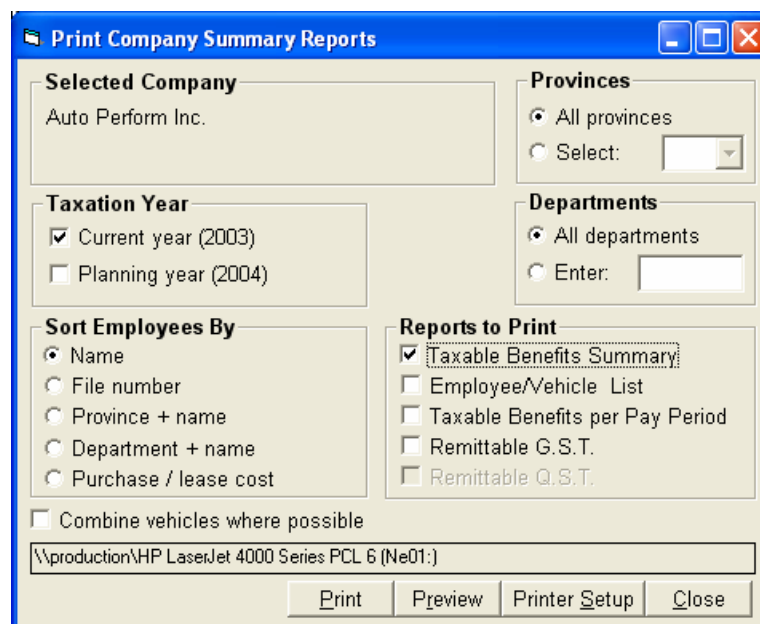




# Reports

## 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.

### 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.

### **Québec Employees**

If there are employees with Québec for their province of employment in the current company, you will be given the option of printing the federal taxable benefit report alone, the Québec taxable benefit report alone, or both reports at the same time. Note: For the 2004 taxation year, the federal and Québec 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.



# About the Legislation

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## Definitions

The Canadian Income Tax Act (ITA), Excise Tax Act (GST), Québec Taxation Act (QTA) and Québec 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 50%

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

ii) if business use is equal to or greater than 50% and the number of personal-use kilometres in the taxation year is less than 20,000 kilometres (1,667 kilometres per month)

$$\begin{array}{r} 2\% \\ \times \\ \frac{\text{personal km}}{\text{no. of months} \times 1,667 \text{ km}} \\ \times \\ \text{no. of months} \\ \times \\ \text{cost of the vehicle} \\ \text{(including PST and GST/HST)} \end{array}$$

##### b) Employer Leased Car

i) if business use is less than 50%

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

ii) if business use is equal to or greater than 50%

$$\begin{array}{r} \frac{\text{personal km}}{\text{number of months} \times 1,667 \text{ km}} \\ \times \\ 2/3 \text{ of lease costs} \\ \text{(including GST/HST and PST, excluding insurance)} \end{array}$$

## 2. Operating Costs Benefits

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

17¢ 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.

### **Québec**

For purposes of computing the automobile taxable benefit to be reported on Québec 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 Québec standby charge taxable benefit and operating cost benefits are computed using the same formulae as the Federal calculation.

## **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 Québec) 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:

- a) average cost of new automobiles acquired in the year for sale or lease.
- b) 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 14¢ per kilometre driven for personal use, rather than 17¢.

## **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:

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



# **Data Entry Form**

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**Automobile Taxable Benefit Input Form**  
Taxation Year 2004

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

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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

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Employee's signature

# **Reduced Benefit Election Form**

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**Québec Automobile Taxable Benefit  
Request to Use Optional Calculation**  
Taxation Year 2004

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Employer: Gismo Manufacturing

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

Murray, George

Date

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**Federal Automobile Taxable Benefit  
Request to Use Optional Calculation**  
Taxation Year 2004

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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





# **Sample Reports**

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**Automobile Taxable Benefits Summary****Taxation Year 2004**

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Company: Auto Perform Inc.

<b>Employee Name</b>	<b>File No.</b>	<b>Prov</b>	<b>Dept</b>	<b>Taxable Benefit</b>
Ashton, April	A123	ON	SALES	562
Barker, Brian	B053	ON	SALES	148
Carpenter, Carrie	C384	ON	ADMIN	853
Dolby, Daryl	D913	ON	SALES	<u>138</u>
COMPANY TOTALS:				<u>1,701</u>

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**Automobile Taxable Benefits Per Pay Period****Taxation Year 2004**

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Company: Auto Perform Inc.

<b>Employee Name</b>	<b>Pay Pds</b>	<b>Pay Pds</b>	<b><u>Federal Taxable Benefit</u></b>				
<b><u>Prov.</u></b>	<b><u>Dept.</u></b>	<b><u>File No.</u></b>	<b><u>Per Yr</u></b>	<b><u>To Date</u></b>	<b><u>Total</u></b>	<b><u>To Date</u></b>	<b><u>Per pay</u></b>
Ashton, April							
ON	SALES	A123	24	21	562	0	187
Barker, Brian							
ON	SALES	B053	24	21	148	0	49
Carpenter, Carrie							
ON	ADMIN	C384	24	21	853	0	284
Dobly, Daryl							
ON	SALES	D913	24	21	<u>138</u>	<u>0</u>	<u>46</u>
COMPANY TOTALS:					<u>1,701</u>	<u>0</u>	<u>567</u>

**Employee and Vehicle List**

**Taxation Year 2004**

Company: Auto Perform Inc.

\*including taxes

<u>Employee Name</u>	<u>File No.</u>	<u>Vehicle Description</u>	<u>*Total Cost</u>	<u>Days Avail.</u>	<u>Total Km</u>	<u>Pers. Km</u>	<u>Reimb S.C.</u>	<u>Reimb O.C.</u>	<u>Actual O.C.</u>
Ashton, April ON SALES	A123	Audi	35,600	365	36,250	2,950	800	400	0
Barker, Brian ON SALES	B053	BMW	35,600	365	22,310	1,253	400	200	0
Carpenter, Carrie ON ADMIN	C384	Cadillac Chevrolet	35,600	275 90	25,632 1,210	1,562 65	50 500	30 300	0 0
Dolby, Daryl ON SALES	D913	Dodge	35,600	365	15,985	1,235	400	200	0



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**Federal Automobile Taxable Benefit Calculation****Taxation Year 2004**

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

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Acquisition cost	30,957
GST/HST on acquisition	2,167
PST on acquisition	2,476
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

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Standby Charge

$$2\% \times 35,600 \times 12 \times \frac{2,950}{20,000} = 1,260$$

Less: Amount reimbursed by employee: (800)

460

Operating Costs

$$2,950 \times 0.17 = 502$$

Less: amount reimbursed by employee: (400)102**TOTAL FEDERAL TAXABLE BENEFITS**