FULLER LANDAU LLP
TAX TARGET®

Vol. IV No. 48 • February 2012

2012 LIMITS AND RATES RELATED TO AUTOMOBILE EXPENSES AND FEDERAL PERSONAL TAX CREDITS

AUTOMOBILE EXPENSES

The rates for automobile expenses, deduction limits and the prescribed rates for determining taxable benefits on automobile operating expenses are as follows for 2012.

	2012	2011
Maximum capital cost of a passenger vehicle for the purposes of capital cost allowance	$30,000[1]	$30,000[1]
Allowable interest expenses	$300 per month	$300 per month
Allowable leasing expenses[2] and [3]	$800 per month[1]	$800 per month[1]
Tax-exempt allowances paid by the employer to the employee – based on the distance the employee travels in his or her automobile:		
First 5,000 kilometres	$0.53 per km	$0.52 per km
Any additional kilometres	$0.47 per km	$0.46 per km
Operating costs benefit respecting an automobile provided by the employer and used by the employee for personal purposes	$0.26 per km	$0.24 per km

[1] Does not include the GST and/or the QST.

[2] Please note that the lease limit remains the same during the entire period of the lease.

[3] This limit is one of the two restrictions on the deduction of automobile lease payments. A separate restriction prorates deductible lease costs where the value of the automobile exceeds the maximum capital cost.

PERSONAL INCOME TAX PARAMETERS

In 2012, individuals will benefit from a small Federal tax reduction due to indexation of the tax bracket thresholds and non-refundable tax credit amounts.

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The following table shows the Federal personal income tax parameters for 2012 in comparison to those for 2011.

	2012	2011
Personal Amounts and Bracket Thresholds	**($)**	**($)**
Basic personal amount	10,822	10,527
Spouse or common-law partner amount	10,822	10,527
Taxable income at which 22% bracket begins	42,707	41,544
Taxable income at which 26% bracket begins	85,414	83,088
Taxable income at which 29% bracket begins	132,406	128,800
Credit Amounts to Reflect Needs		
Infirm dependant amount	6,402[4]	4,282
Net income threshold	6,420	6,076
Caregiver amount	4,402	4,282
Net income threshold	15,033	14,624
Disability amount	7,546	7,341
Amount for children with disabilities	4,402	4,282
Allowable child care and attendant care expenses	2,578	2,508
Medical expense tax credit – 3% of net income ceiling	2,109	2,052
Refundable medical expense tax credit supplement	1,119	1,089
Minimum earnings threshold	3,268	3,179
Family net income threshold	24,783	24,108
Age amount	6,720	6,537
Net income threshold	33,884	32,961
Old Age Security repayment threshold	69,562	67,668

[4] Includes the Family Caregiver Amount of $2,000.

The matters highlighted in this tax memo are presented in broad general terms and, of course, cannot be applied without consideration of all circumstances. The firm will be pleased to discuss with recipients the possible effects of these matters in specific situations.

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