Automobile provided by an employer — 2018

Standby charge benefit (see CQFF note 2)	Lease (no cash)	Purchase	Tax benefit of leasing / Tax benefit of purchase (in %)
2013 Ford Escape SE (48-month lease, 0% rate)	$2,938	$7,657	38.4%
2014 Ford Escape SE (36-month lease, 1% rate)	$3,212	$7,670	41.9%
2018 Nissan Rogue Midnight Utility 4RM (39-month lease, 1.99% rate)	$4,232	$10,047	42.1%
2018 Audi Q5 Quattro Progressiv (36-month lease, 1.55% rate)	$6,376	$14,779	43.1%
2014 Subaru XV Crosstrek (36-month lease, 2.9% rate)	$3,241	$7,475	43.4%
2016 Mazda CX-5 GS 4RM (36-month lease, 1.49% rate)	$4,080	$9,319	43.8%
2017 Mazda CX-3 GS 4RM (36-month lease, 1.49% rate)	$3,272	$7,105	46.1%
2013 Toyota 4 Runner Limited (48-month lease — 24,000 km)	$6,679	$14,043	47.6%
2016 Audi Q5 Quattro Progressiv (36-month lease, 2.6% rate)	$6,508	$13,636	47.7%
2016 Audi Q3 Quattro Technik (36-month lease, 2.6% rate)	$6,056	$12,656	47.8%
2012 BMW X1 (48-month lease, 4.0% rate)	$5,988	$12,485	48.0%
2011 Nissan Murano LE-TI (48-month lease)	$6,029	$12,526	48.1%
2013 Mazda CX-5 GS 4RM (36-month lease, 2.99% rate)	$4,526	$8,961	50.5%
Taxable benefit for operating costs (see CQFF's note 3)	**$0.26/km driven for personal use**	**$0.26/km driven for personal use**	

Notes du CQFF

1 - These figures are based off of real contracts made between 2011 and 2018. This table is definite evidence that when an automobile is provided by an employer, a 36 or 48-month lease results in a taxable standby charge benefit that is at least 50% lower. As a general rule, the lower the interest rate of the lease contract, the greater the discrepancy. We have notified the Department of Finance Canada several times of this astounding inequity and we have asked them to introduce new legislation to reduce the taxable benefit in the case of a purchased vehicle. Indeed, the amount is clearly overestimated. Keep in mind it is not the taxable standby charge benefit for a leased vehicle that is too low. In fact, the benefit would have to equal at least 1.5 times the lease fees (or more than 150% of the lease fees!) and not 2/3 times the lease fees (as the rule currently states) to obtain a taxable benefit comparable to a vehicle purchased by the employer. However, if a benefit equal to 150% of the lease fees were taxed, that would mean the tax rules assume the vehicle is used for personal reasons 150% of the time. Where's the logic in that?

2 - We are assuming here that the individual does not benefit from any decrease in the taxable standby charge (for instance, the decrease resulting from the vehicle being used for business purposes more than 50% of the time and fewer than 20,004 km per year driven for personal reasons). In brief, the full amount of the benefit was calculated. Different rules apply when the automobile is provided to a person whose employment is mainly to sell or lease vehicles. The sales taxes (according to the rates applicable for the year in question) are included in the purchase or lease cost that determines the taxable benefit.

3 - For persons whose employment is mainly to sell or lease vehicles, the rate for the benefit related to the operating costs is under $0.03 per kilometre and is $0.23 in 2018.

4 - Nothing prevents the vehicle from being leased within the company for 36 to 48 months and, at the end of the lease, the option to purchase the vehicle may be exercised. If the FMV of the vehicle at that time is more or less equal to the price of that option, this cost will then be used to calculate the annual taxable benefit and will generally be much lower than the initial cost of the vehicle.