

# Employment Expenses Checklist.

## ☐ Allowable motor vehicle expenses

You can deduct your motor vehicle expenses if you meet **all** of the following conditions:

1. You were normally required to work away from your employer's place of business or in different places.
2. Under your contract of employment, you had to pay your own motor vehicle expenses. You are not considered to have paid your own motor vehicle expenses if your employer reimburses you or you refuse a reimbursement or reasonable allowance from your employer.
3. You did not receive a non-taxable allowance for motor vehicle expenses. Generally, an allowance is non-taxable when it is based solely on a reasonable per-kilometre rate.
4. You keep with your records a copy of [Form T2200, Declaration of Conditions of Employment](#), which has been completed and signed by your employer.

The types of expenses you can deduct include:

- fuel (gasoline, propane, oil);
- maintenance and repairs;
- insurance;
- licence and registration fees;
- [capital cost allowance](#);
- [eligible interest](#) you paid on a loan used to buy the motor vehicle; and
- eligible [leasing costs](#).

If you have received a non-taxable motor vehicle allowance and can show that the employment-related motor vehicle expenses are in excess of the allowance and voluntarily include the amount of the allowance in income, you can deduct your motor vehicle expenses if conditions 1, 2, and 4 are met.

If you use a motor vehicle for both **employment and personal use**, you can deduct only the percentage of expenses related to earning income. To support the amount you can deduct, keep a record of both the total kilometres you drove and the kilometres you drove to earn employment income. We consider driving back and forth between home and work as personal use.

If you use more than one motor vehicle to earn employment income, calculate each vehicle's expenses separately.

For more information, see Interpretation Bulletin [IT522, Vehicle, Travel and Sales Expenses of Employees](#).



## Accounting and legal fees

You can deduct any legal fees you paid in the year to collect or establish a right to collect salary or wages.

You can also deduct legal fees you paid in the year to collect or establish a right to collect other amounts that must be reported in employment income even if they are not directly paid by your employer. However, you must reduce your claim by any amount awarded to you for those fees or any reimbursement you received for your legal expenses.

In some cases, you may also be able to deduct certain accounting fees



## Travelling expenses

Travelling expenses include **food, beverage, lodging and transportation (such as airplane, train, bus, etc.) expenses** but not motor vehicle expenses. You can deduct travelling expenses as long as you meet **all** of the following conditions:

- You were normally required to work away from your employer's place of business or in different places.
- Under your contract of employment, you had to pay your own travelling expenses.
- You did not receive a non-taxable allowance for travelling expenses. Generally, an allowance is non-taxable as long as it is a reasonable amount.
- You keep with your records a copy of [Form T2200, Declaration of Conditions of Employment](#), which has been completed and signed by your employer.

Enter your claim for deductible transportation expenses (such as airplane, train, bus, etc.) on the "Other expenses" line of [Form T777, Statement of Employment Expenses](#).

You can deduct food and beverage expenses if your employer requires you to be away for **at least 12 consecutive hours** from the municipality and the metropolitan area (if there is one) of your employer's location where you normally reported for work.

The most you can deduct for food and beverage expenses is **50%** of the **lesser** of:

- the amount you actually paid; and
- an amount that is reasonable in the circumstances.

The 50% limit also applies to the cost of food and beverages you paid for when you travelled on an airplane, train, or bus, as long as the ticket price did not include these amounts.



## Parking

You **can** deduct parking costs related to earning your employment income as long as you meet **all** of the following conditions:

- You were normally required to work away from your employer's place of business or in different places.
- Under your contract of employment, you had to pay your own motor vehicle expenses. You are not considered to have paid your own motor vehicle expenses if your employer reimburses you or you refuse a reimbursement or reasonable allowance from your employer.
- You did not receive a non-taxable allowance for motor vehicle expenses. Generally, an allowance is non-taxable when it is based solely on a reasonable per-kilometre rate.
- You keep with your records a copy of [Form T2200, Declaration of Conditions of Employment](#), which has been completed and signed by your employer.

Generally however, you cannot deduct the cost of parking at your employer's office, such as monthly or daily parking fees or the cost of traffic infractions such as speeding tickets. These are all personal costs.

## Supplies

You can deduct the cost of supplies you paid for or that were paid for you and included in your income if you met **all** of the following conditions:

- Under your contract of employment, you had to provide and pay for the supplies.
- You used the supplies directly in your work.
- Your employer has not repaid and will not repay you for these expenses.
- You keep with your records a copy of [Form T2200, Declaration of Conditions of Employment](#), which has been completed and signed by your employer.

Supplies are only those materials you use directly in your work and for no other purpose.

Supplies include such items as stationery items, stamps, toner, ink cartridges, street maps, and directories. Supplies do **not** include items such as briefcases and calculators.

You can deduct expenses you paid for long-distance telephone calls, as long as you paid them to earn employment income. However, you **cannot** deduct the monthly basic rate for a telephone.

**Computers, cell phones, and other equipment** - You cannot deduct the monthly access fees for home Internet service.

You can deduct the part of the airtime expenses for a cell phone that reasonably relates to earning your employment income.

You may also be able to deduct a portion of your basic cell phone service plan if:

- the cost of the plan is reasonable;
- you are able to substantiate the cellular minutes or data consumed directly in the performance of your employment duties (as well as the cost of the minutes or data); and
- the cost of the plan has been apportioned between employment and personal use on a reasonable basis.

However, you cannot deduct amounts you paid to connect or license the cell phone.

## ☐ Salary expenses

You can deduct the salary you paid, or that was paid for you and included in your income, to your substitute or assistant (extra help) if you meet **all** of the following conditions:

- Under your contract of employment, you had to pay for extra help.
- The extra help is your employee. To determine whether an assistant or replacement is an employee, see Guide [RC4110, Employee or Self-Employed](#) or go to [Canada Pension Plan \(CPP\) and Employment Insurance \(EI\) Rulings](#).
- Your employer has not repaid and will not repay you for these expenses.
- You keep with your records a copy of [Form T2200, Declaration of Conditions of Employment](#), which has been completed and signed by your employer.

## ☐ Office rent

You can deduct office rent you paid (or that was paid for you and included in your income) if you paid it to earn your employment income. Also, you must meet **all** of the following conditions:

- Under your contract of employment, you had to rent an office and pay the expenses.
- Your employer has not repaid and will not repay you for these expenses.
- You keep with your records a copy of [Form T2200, Declaration of Conditions of Employment](#), which has been completed and signed by your employer.

Do not confuse office rent with [work-space-in-the-home expenses](#).

## ☐ Work-space-in-the-home expenses

You can deduct expenses you paid in 2017 for the employment use of a work space in your home, as long as you had to pay for them under your contract of employment. These expenses must be used directly in your work and your employer has not reimbursed and will not reimburse you. Also, you must meet **one** of the following conditions:

- The work space is where you mainly (more than 50% of the time) do your work.
- You use the work space only to earn your employment income. You also have to use it on a regular and continuous basis for meeting clients, customers, or other people in the course of your employment duties.

Keep with your records a copy of [Form T2200, Declaration of Conditions of Employment](#), which has been completed and signed by your employer.

You can deduct the part of your costs that relates to your work space, such as the cost of electricity, heating, and maintenance. However, you **cannot** deduct mortgage interest, property taxes, home insurance, or capital cost allowance.

To calculate the percentage of work-space-in-the-home expenses you can deduct, use a reasonable basis, such as the area of the work space divided by the total finished area (including hallways, bathrooms, kitchens, etc.). For maintenance costs, it may not be appropriate to use a percentage of these costs. For example, if the expenses you paid (such as cleaning materials or paint) were to maintain a part of the house that was not used as a work space, then you cannot deduct any part of them. Alternatively, if the expenses you paid were to maintain the work space **only**, then you may be able to deduct all or most of them.

If your office space is in a rented house or apartment where you live, deduct the percentage of the rent as well as any maintenance costs you paid that relates to the work space.

The amount you can deduct for work-space-in-the-home expenses is limited to the amount of employment income remaining after all other employment expenses have been deducted. This means that you cannot use work space expenses to create or increase a loss from employment.

You can only deduct work space expenses from the income to which the expenses relate and not from any other income.

If you cannot deduct all your work space expenses in the year, you can carry forward the expenses. You can deduct these expenses in the following year as long as you are reporting income from the same employer. However, you cannot create or increase a loss from employment by carrying forward work space expenses.

A complete guide is available at

<https://www.canada.ca/en/revenue-agency/services/forms-publications/forms/t777.html>