



MEMORANDUM

TO: All local P&D drivers and long-haul drivers
FROM: Teamsters Canada
DATE: May 14, 2008
RE: Tax Deduction for Meal Expenses

This memo has been prepared to help you decide if you can deduct meal expenses for income tax purposes and, if so, what you need to do.

PROCEDURE FOR LOCAL P&D DRIVERS

1. Can I deduct meal expenses?

- A. You can deduct meal expenses only if the following conditions are met:
- You are ordinarily required to work away from your employer's place of business or in different places;
 - You were required to pay certain expenses in the performance of your duties;
 - You did not receive a non-taxable meal allowance from your employer.
- B. If these conditions are met, then you may claim a deduction for meal expenses, but you can only make the claim for meals that you ate on a day when you were required to be away:
- for a period of at least twelve hours,
 - from the municipality where your employer's establishment is located, and,
 - away from the metropolitan area, if there is one, where it is located.

- C. Alternatively, where the above-noted conditions are met (as set out under 1.A above), you may claim meal expenses for meals you ate during any day when you travelled to a point that is at least 16 kilometres away from both your place of residence and your employer's establishment. NOTE that there is nothing in the tax law or Canada Revenue Agency's official position that would permit you to claim a deduction for such meals - unless, of course, the meals would otherwise qualify under 1.B above. However, this alternative is used by Canada Revenue Agency for meal allowance purposes for its own employees. Therefore, you may wish to include the cost of such meals in your claim, but BE AWARE that your claim could be denied.

2. What is the amount that I can claim for meal expenses?

If you qualify under the conditions in 1.A above, then you may wish to claim a tax deduction for the cost of meals that are described in 1.B or 1.C above.

The amount that you can claim for each meal is only half (50%) of the lesser of:

- your actual meal cost; and
- a reasonable amount in the circumstances.

There are two ways for you to calculate your meal expenses:

(a) Detailed Method:

You can add up your actual meal costs to the extent that they are reasonable and supported by receipts. You can claim 50% of your total meal expenses. Under this method, Canada Revenue Agency will expect you to keep a log book that includes the date, travel time, and place where each meal was taken.

(b) Simplified Method:

Alternatively, Canada Revenue Agency will allow you to use a flat rate for each meal in order to calculate your meal expenses. Starting in 2006, the flat rate is \$17 per meal, maximum of \$51 per day. Generally, CRA will allow a maximum of one meal after every four hours of travel time, up to a maximum of three meals per day. Supporting receipts are not required, but, CRA expects you to keep a log showing date, trip time, destination, kilometres driven, and number of meals.

When you have calculated the amount of your meal expenses, under either the Detailed Method or the Simplified Method, you then multiply your total meal expenses by 50% and that is the amount that you can claim as a tax deduction.

You must attach to your tax return a Form T777, a copy of which is attached for

your convenience. On Form T777, the total amount of your meal expenses, multiplied by 50%, should be inserted at line 8523. This is the amount that you may deduct on line 229 of your tax return.

3. Form T2200, Declaration of Conditions of Employment

In order to claim meal expenses, you are required to obtain a Form T2200 certificate signed by your employer. A copy of Form T2200 is attached for your convenience.

The precise way in which your employer completes the Form will depend on your particular terms of employment. However, at a minimum, the employer must answer Yes to questions 1, 2 and 6 on the Form.

If you are claiming expenses for meals described under 1. B above, then your employer should also answer Yes to question 8.

If your claim for meal expenses will be made under alternative 1. C above, then your employer may answer No to question 8.

All other questions may be answered No if you are using the Form only for the purpose of claiming meal expenses.

Canada Revenue Agency does NOT want you to file the Form T2200 with your tax return. Instead, Canada Revenue Agency expects you to obtain the Form, signed by your employer, and keep it with your records to be shown to Canada Revenue Agency if they specifically ask for it. In addition, you should keep your log sheets and any other documents that may be required or helpful to prove your entitlement under 1.A, 1.B, or 1.C above and to back-up your calculation of meal expenses. If your employer refuses to complete the form out of bad faith, keep the form with your log sheets and the other documents mentioned above and also discuss the situation with you business agent.

WE ARE NOT PROVIDING YOU WITH TAX ADVICE. THIS MEMO HAS BEEN PREPARED ONLY FOR YOUR ASSISTANCE. IF YOU HAVE ANY QUESTIONS ABOUT FILING YOUR TAX RETURNS, YOU SHOULD SPEAK TO A TAX ADVISOR.

PROCEDURE FOR LONG HAUL DRIVERS

A "long-haul truck driver" is defined as "an individual whose principal business or principal duty of employment is driving a long-haul truck that transports goods".

A "long-haul truck" is defined as "a truck or a tractor that is designed for hauling freight and that has a gross vehicle weight rating (as that term is defined in subsection 2(1) of the Motor Vehicle Safety Regulations) that exceeds 11,788 kilograms".

An "eligible travel period" is defined as "a period during which the driver is away from the municipality or metropolitan area where the specified place in respect of the driver is located for a period of at least 24 continuous hours for the purpose of driving a long-haul truck that transports goods to, or from, a location that is beyond a radius of 160 kilometres from the specified place".

A "specified place" is defined as "in the case of an employee, the employer's establishment to which the employee ordinarily reports to work is located and, in the case of an individual whose principal business is to drive a long-haul truck to transport goods, the place where the individual resides".

Where these definitions are applicable the driver must follow the same procedure and use the same forms as the local P&D drivers as set forth in pages 1 to 3. The difference between both types of drivers is that long-haul drivers have a different rate of deduction for their meals. The rate changes over time following the 2007 Federal budget.

The changes concern amounts paid or payable by a "long-haul truck driver" in respect of the consumption of food or beverages (not entertainment) by the driver during an "eligible travel period" of the driver.

The new rates for these expenses are as follows:

- 60 per cent, if the amount is paid or becomes payable on or after March 19, 2007 and before 2008;
- 65 per cent, if the amount is paid or becomes payable in 2008;
- 70 per cent, if the amount is paid or becomes payable in 2009;
- 75 per cent, if the amount is paid or becomes payable in 2010; and
- 80 per cent, if the amount is paid or becomes payable after 2010.

WE ARE NOT PROVIDING YOU WITH TAX ADVICE. THIS MEMO HAS BEEN PREPARED ONLY FOR YOUR ASSISTANCE. IF YOU HAVE ANY QUESTIONS ABOUT FILING YOUR TAX RETURNS, YOU SHOULD SPEAK TO A TAX ADVISOR.