

NOTICE TO EMPLOYERS
PART A – AMOUNTS TO BE INCLUDED IN INCOME

1. BOARD

The Income Tax Act specifically refers to board supplied by an employer as a taxable benefit to the employee.

This includes board furnished as a perquisite of the employment as is common, for example, in the case of hotel and restaurant employees, and domestics. A value of \$5.00 for breakfast and lunch and cost of evening meal to the employer should generally be used.

2. QUARTERS

Quarters may be a room or suite of rooms supplied free. Normally the value placed on this benefit should be the lesser of the fair market value or the cost to the employer.

Where quarters are not provided free, but are provided at an unreasonably low rate, there is a taxable benefit equal to the difference between the amount charged the employee and the lesser of the fair market value or the cost to the employer.

3. RENT – FREE AND LOW – RENT HOUSING

Where an employer provides a house, apartment or similar accommodation to an employee rent-free or for a rental that is lower than the employee would have to pay someone else for similar accommodation, the employee received a taxable benefit.

The employer must make a reasonable estimate of the value of the benefit.

It should be noted that no value for tax purposes is placed on housing supplied to ordinary workers on a farm or in a lumber operation. This exclusion does not apply to managers and the like, who are usually supplied with much better housing than ordinary workers.

4. PERSONAL USE OF EMPLOYER'S AUTOMOBILE

Where an employee is permitted to make personal use of an automobile maintained by his employer he should have included in his income the value of the benefit to him arising from the personal use made of the automobile. The value of the benefit is that proportion of total costs of the automobile that his personal use bears to its total use in the year. For this purpose "costs" include such things as licenses, insurance, depreciation, repairs, gasoline, oil, servicing charges and rentals paid.

5. GIFTS

A gift either in cash or kind is a benefit derived in the course of or by virtue of employment. It must be included in income of the employee except when the employer does **NOT** claim it as an expense in his business or when he does **NOT** take it from his stock-in-trade. A Christmas gift the value of which does not exceed \$25 is not regarded as a taxable benefit.

6. HOLIDAY TRIPS AND OTHER PRIZES

A free holiday trip given by an employer to an employee, or any prize, whether in cash or in kind, in recognition of job performance, constitute a taxable benefit from the employment which should be measured by the cash equivalent.

7. TRAVELLING EXPENSES OR EMPLOYEE'S WIFE

When an employee's wife accompanies his on a business trip, the payment or reimbursement by the employer of her traveling expenses is a taxable benefit to the employee.