



**REPORT TO:** Corporate Services Committee

**SUBJECT:** Reimbursable Mileage Two-Tier Rates

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## **RECOMMENDATION**

1. That the mileage reimbursement rates **BE APPROVED** at the Canada Revenue Agency (CRA) 2013 rate of \$0.54 per kilometer for the first 5,000 kilometers driven, and \$0.48 for any kilometer driven in excess of 5,000 kilometers, effective January 1, 2014, for Regional Councillors and employees.
2. That staff **BE AUTHORIZED** to update, on an annual basis going forward, Corporate Administrative Policy C3.E02 to align the two-tier mileage rate with a one year delay to the CRA rates of tax-exempt allowance paid for using their personal vehicles for business purposes.

## **PURPOSE**

Business or financial reporting to set the on-going two-tier mileage reimbursement rates at an one year lag to the CRA.

## **BUSINESS IMPLICATIONS**

The estimated cost of increasing the rates by two cents (i.e. \$0.52 to \$0.54 for the first 5,000 kilometers driven and \$0.46 to \$0.48 for any kilometers driven in excess of 5,000 kilometers) per year is approximately \$62,000 provided the total mileage driven by Councillors and employees of Regional departments, Niagara Regional Housing (NRH), and Niagara Regional Police Services (NRPS), is similar in future years to that driven in 2012. This figure is approximate gross cost prior to attracting subsidy (where it applies to specific programs).

## **REPORT**

This report is to set the on-going two-tier mileage reimbursement rates payable for all Niagara Region Councillors' and employees, including members of NRH and the NRPS, who use their personal vehicles for business purposes.

Niagara Region has used the CRA rates since 2006. This rate is in-line with other municipalities (see Appendix A). The CRA rates are used recognizing they do a detailed annual review to establish the allowance rate that reasonably reflects the key cost components of owning and operating an automobile, such as depreciation, financing, income, maintenance and fuel costs. CRA publishes reasonable allowance rates at the beginning of the year on an annual basis. The per-kilometer rates that CRA consider reasonable are the amounts prescribed in section 7306 of the Income Tax Regulations.


By aligning the two-tier mileage rate on an annual basis with a one year delay to the CRA rates the Niagara Region can ensure that the tax-exempt allowance paid to Councillors and employees for using their personal vehicles for business purposes reimbursement rates are relatively current, reasonable, and are known at the time of budget preparation.

The following table represents the Niagara Region's current rates and the CRA rates of the last two years.

	Rate Per Kilometer (dollars)	
	<u>Less than 5,000km</u>	<u>More than 5,000km</u>
Niagara Region - Current	0.52	0.46
Canada Revenue Agency - 2013	0.54	0.48
Canada Revenue Agency - 2012	0.53	0.47

In 2012, there were approximately 3.1 million kilometers claimed for reimbursement. The estimated cost of increasing the rates by two cents (\$0.52 to \$0.54 for the first 5,000 kilometers driven and \$0.46 to \$0.48 for any kilometers driven in excess of 5,000 kilometers) is approximately \$62,000 (before attracting eligible subsidies) provided the total mileage driven by Councilors and employees of Regional departments, NRH, and NRPS is similar in 2013 to that driven in 2012.

**Submitted by:**

  
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Debbie Elliott  
Acting Commissioner of Corporate Services

**Approved by:**

  
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Harry Schlange  
Chief Administrative Officer

*This report was prepared by Adam Pigeau, Manager, Accounting and reviewed by Chris McQueen, Acting Director, Financial Management & Planning/Treasurer.*

Attachments

## Appendix A – 2013 Mileage Reimbursement Rates

Region	0-5000 km	5000+ km
Durham	0.54	0.48
Halton	0.53	0.47
Hamilton	0.54	0.48
Niagara	0.52	0.46
Ottawa	0.53	0.53
Toronto	0.53	0.47
Windsor	0.54	0.48
York	0.54	0.48

Local Area Municipality	0-5000 km	5000+ km
Fort Erie	0.54	0.48
Grimsby	0.52	0.46
Lincoln	0.46	0.46
Niagara-on-the-Lake	0.52	0.46
Niagara Falls	0.52	0.46
Pelham	0.53	0.47
Port Colborne	0.48	0.48
St. Catharines	0.54	0.48
Thorold	0.54	0.48
Wainfleet	0.52	0.52
Welland	0.52	0.46
West Lincoln	0.52	0.46

## Appendix B – Departmental Impact of One-Cent Change

Department	KM Driven in 2013	Dollar Impact of One-Cent Change
Community Services	559,313	5,593
Corporate Administration	140,355	1,404
Corporate Services	101,849	1,018
Integrated Community Planning	19,237	192
Niagara Economic Development	5,615	56
Niagara Regional Housing	147,021	1,470
Niagara Regional Police	192,020	1,920
Public Health	1,396,782	13,968
Public Works	509,162	5,092
<b>Grand Total</b>	<b>3,071,354</b>	<b>30,714</b>