

City of Mississauga

Corporate Policy & Procedure



Policy Title: Car Allowance/Reimbursement for Use of Personal Vehicles on City Business

Policy Number: 04-05-02

Draft Only – July 14, 2020

Section:	Finance and Accounting	Subsection:	Business Expenses
Effective Date:	November 16, 2017	Last Review Date:	October, 2017
Approved by: Council	Owner Division/Contact: Accounts Payable, Finance Division Corporate Services Department		

Policy Statement

Each employee is responsible for costs incurred in travelling to and from the normal work place. However, the City of Mississauga provides compensation to eligible employees and citizen members of committees for expenses associated with the use of personal vehicles on City business.

Purpose

This policy establishes appropriate methods of calculating:

- Per Kilometre Travel Rates for employees and Crossing Guards
- Appropriate compensation for employees who are required to use their vehicles under dirty and strenuous conditions (Strenuous Conditions Allowance), and
- Reimbursement for Supplemental Business Insurance

Scope

Eligibility

All non-union employees are covered by this policy, unless they have been provided with a vehicle for business and personal use. Those who have been provided with a vehicle for business and personal use should refer to Corporate Policy and Procedure – City-Leased Vehicles Provided for Business and Personal Use.

Union employees should refer to the terms of their particular collective agreement. In the event that a collective agreement provides a different benefit through a higher or lower Per Kilometre Travel Rate, or a higher or lower Strenuous Conditions Allowance, the rate or allowance specified in the collective agreement will apply.

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All citizen members of committee are covered by this policy, subject to any restrictions which may be established by Council. If a particular committee's terms of reference, as approved by Council, conflict with this policy, the terms of reference of the committee will apply.

Elected officials should refer to Corporate Policy and Procedure – Elected Officials' Expenses.

Definitions

"Per Kilometre Travel Rate" is a prescribed per kilometre allowance paid to employees to help offset the costs of fuel and oil, maintenance, tires, insurance, license and registration, depreciation and financing.

"Strenuous Conditions Allowance" is an allowance paid to help offset the costs of additional vehicle cleaning or maintenance. It is payable only to those employees whose routine travel requirements place their vehicles in situations which are likely to result in heavily soiled vehicles, flat tires, etc.

"Supplemental Business Insurance" means the amount reimbursed to eligible employees for additional insurance coverage for the use of a personal vehicle for business purposes (i.e. the difference between coverage for 100% personal use and combined personal and business use).

Calculation of Distance Travelled

Business use of the vehicle is compensated. Examples of business use of the vehicle include:

- Travel from the ~~workplace~~ [City business unit location](#) to a business engagement
- Travel which is a necessary requirement of the job (such as inspections staff), and
- Travel to and from scheduled work at a workplace other than the regular ~~workplace~~[City business unit location](#)

Personal use of the vehicle is not compensated. Examples of personal use of the vehicle include:

- Travel to and from home to regular scheduled work at the regular ~~scheduled workplace~~[City business unit location, including travel to the business unit location for \(e.g.\) meetings or training when working remotely](#)
- Travel to and from home to overtime work at the regular scheduled workplace, and
- Travel to and from courses which are not required by the City and which are taken on personal time

Those claiming the Per Kilometre Travel Rate must ensure that they are claiming only for business use of the vehicle and only for the distances which are over and above their normal travel to and from work. Following are ~~two~~[four](#) examples which demonstrate how to calculate the distance travelled for Per Kilometre Travel Rate purposes:

Example 1:

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An employee normally travels 15 km in getting to and from work. The employee is required to travel directly from home to a business engagement, then back to work before going home. The total distance travelled from home to the business engagement, back to work and back home is 35 km. The employee may claim 20 km as business travel.

Example 2:

An employee normally travels 60 km in getting to and from work. The employee is required to attend an all-day seminar and is not required to report to the regular work place. The total distance travelled to and from the seminar is 40 km. The employee may not claim the Per Kilometre Travel Rate as the distance travelled was less than that normally travelled to get to work.

Example 3:

An employee normally works remotely and is located 20 km from their City business unit location (i.e. 40 km roundtrip). The employee is required to attend an all-day training session and is not required to report to the City business unit location. The total distance travelled to and from the training session is 25 km. The employee may not claim the Per Kilometre Travel Rate as the distance travelled was less than that normally travelled to and from the City business unit location.

Example 4:

An employee normally works remotely and is located 30 km from their City business unit location (i.e. 60 km roundtrip). The employee is required to attend an all-day seminar and is not required to report to the City business unit location. The total distance travelled to and from the seminar is 80 km. The employee may claim 20 km as business travel.

Crossing Guards

To simplify administration, Crossing Guards are provided with monthly travel credits, based on the distance to their assigned crossings. The Crossing Guard supervisor ensures that all Crossing Guards are compensated for appropriate travel credits, on a monthly basis. For each full week of absence from work, one-quarter of the credits are deducted. The maximum monthly credits allowed Crossing Guards are:

Distance to Crossing:	Monthly Travel Credit:
up to 1.6 km (1 mi.)	84 km (52.5 mi.)
1.7 - 3.2 km (1-2 mi.)	168 km (105 mi.)
3.3 - 4.8 km (2-3 mi.)	252 km (157.50 mi.)
4.9 km or more (3+ mi.)	336 km (210 mi.)

Spare Crossing Guards receive a flat travel credit of 336 km (210 mi.) per month. Crossing Guard Supervisors and Assistant Supervisors are not entitled to the monthly travel credit but may claim car expenses in the same manner as other non-union staff.

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Allowance Rates

Per Kilometre Travel Rates

Per Kilometre Travel Rates are established in accordance with the Canada Revenue Agency (CRA) prescribed per kilometre rates. The rates are increased or decreased annually on January 1, or as necessary, based on prescribed rates for the year.

Strenuous Conditions Allowance/Supplemental Business Insurance

The Strenuous Conditions Allowance is a monthly allowance of \$90.00. Only those employees or groups of employees designated by their department head as eligible may claim the Strenuous Conditions Allowance.

Employees eligible for the Strenuous Conditions Allowance may decline it in favour of Supplemental Business Insurance. Employees whose routine travel requirements place their vehicles in situations which are likely to result in heavily soiled vehicles, flat tires, etc. will make an election to receive or decline the Strenuous Conditions Allowance each year.

Reimbursement for Supplemental Business Insurance

Insurance coverage is a personal responsibility – employees operating personal vehicles are not insured under the City's insurance policies. However, employees who receive the Strenuous Conditions Allowance may instead choose to be reimbursed for Supplemental Business Insurance.

Department heads may approve Supplemental Business Insurance for employees who are not eligible for the Strenuous Conditions Allowance if their position requires frequent use of a personal vehicle for City business purposes.

Employees who are eligible for Supplemental Business Insurance are reimbursed to a maximum of \$720.00 per year.

Claiming Supplemental Business Insurance

Claims for reimbursement of Supplemental Business Insurance are to be submitted to Accounts Payable using the expense type "Car Insurance – Reimbursement" in the City's SAP Concur Expense System (SCES). Employees who are not in SCES are to submit Supplemental Business Insurance claims on Form 180, Reimbursement Request, available on Inside Mississauga. The receipt must be attached, along with a certificate from the insurer that indicates the insurance is supplemental to their personal use (i.e. for business purposes) and shows the incremental amount.

Income Tax

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Generally, allowances are taxable benefits/income and reimbursements are not. However, the following conditions apply for income tax purposes, in accordance with the CRA:

- Any Per Kilometre Travel Rate paid above the CRA prescribed rate is a taxable benefit
- Per Kilometre Travel Rates paid at the prescribed rate is a taxable benefit when the employee receives any other vehicle allowance (i.e. strenuous allowance)
- Strenuous Conditions allowance is taxable income and makes all other vehicle reimbursements combined with the allowance taxable, and
- Supplemental Business Insurance in lieu of the Strenuous Conditions allowance is a reimbursement and is not taxable

For more information on income tax regulations and OMERS guidelines, contact the Manager, Financial and Treasury Services, Finance Division.

How to Claim Per Kilometre Travel Rates with Strenuous Conditions Allowance

Employees who elect to receive a monthly Strenuous Conditions Allowance will have all Per Kilometre Travel Rates and the Strenuous Conditions Allowance processed through Payroll using the City's time and labour reporting processes. Finance will advise employees who elect to receive a Strenuous Conditions Allowance of the payment procedures.

Note: The following CRA rates will be applied for employees who elect to receive a Strenuous Conditions Allowance:

- For the first 600 km (373 mi.) per month – CRA First Tier Rate
- For any balance over 600 km (373 mi.) per month – CRA Second Tier Rate

How to Claim Per Kilometre Travel Rates

This section applies only to employees who are not receiving a Strenuous Conditions Allowance.

Per Kilometre Travel Rate claims are entered monthly in SCES using the "Mileage/Kilometre" expense type. Claims must indicate:

- The point of departure
- The destination and any intermediate points, and
- The business purpose for the travel

Employees who are required to travel all day as part of their jobs need only report total distances travelled each day.

Employees who are not in SCES are to submit Per Kilometre Travel Rate claims monthly on Form 180, Reimbursement Request, available on Inside Mississauga.

Monthly Distance Travelled Expense Claim

Expense claims for reimbursement must be entered in SCES or submitted to Accounts Payable by the 10th of the month, along with any related business expenses, with the exception of

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yearend. Accounts Payable may advise the applicable director of employees with late submissions, as required.

Yearend (December) Distance Travelled Expense Claims

SCES and Reimbursement Request approvers must ensure all staff submit expense reports for the reporting year to meet yearend timelines. Yearend cut-off dates will be communicated by Accounts Payable,

Approval

Per Kilometre Travel Rates for employees must be approved by the employee's immediate supervisor.

Strenuous Conditions Allowance or Supplemental Business Insurance reimbursement must be preapproved by the employee's director.

Note: SCES approvers must ensure that director authorization has been provided when approving claims for Supplemental Business Insurance.

Compensation for expenses incurred by citizen members of committees requires the approval of the Director, Legislative Services, Corporate Services Department. Compensation for expenses incurred by members of the Library Board requires the approval of the Director, Library Services, Community Services Department. Submission for reimbursement will be made on a Form 180, Reimbursement Request.

The approver's signature indicates that all requirements of this policy have been met and that the expense has been charged to the correct cost centre and expense code. Expense claims must be submitted on a monthly basis for approval before the end of the following month in which the expense occurred, with the exception of yearend. Yearend cut-off dates will be communicated by Accounts Payable.

Accounts Payable processes the claim and forwards payment to the recipient. Accounts Payable will return to the employee, without payment, any expense claim that does not meet the requirements of this policy.

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Revision History

Reference	Description
AF-287-91 -1991 11 01	
GC-408-96 - 1996 07 10	
GC-0464-2000 – 2000 06 28	
GC-0063-2001 – 2001 02 14	
Resolution 0069-2008 – 2008 03 26	
November 07, 2008	Housekeeping to change mileage to kilometres
SMT – August 13, 2009	Revised expense submission timelines
March 16, 2011	Housekeeping – revise Form 180a to E2421
July 18, 2012	Scheduled review - Administrative revisions to reflect current practices
May 09, 2014	Removed reimbursement from petty cash
LT – November 20, 2014	Revised to align with new Petty Cash Administration policy – cannot reimburse through petty cash
LT - July, 2017	Scheduled review – revised definitions and updated to reflect current practices.
October 19, 2017	Leadership Team – approved revision to reflect new SAP Concur expense system – effective Nov. 16 for PCard users, Jan. 1, 2018 for all.
February 12, 2018	Revised to reference Form 180 and clarify reporting requirements.