



UNITED ASSOCIATION
of Journeymen & Apprentices of the
PLUMBING & PIPEFITTING
Industry of the United States and Canada
Local Union 170 - Affiliated with AFL-CIO-CFL

March 21, 2018

Dear Brothers and Sisters:

Re: CRA Re-Assessments for Meal/Travel Allowances

We have received several enquiries from members who are being re-assessed by Canada Revenue Agency for taxes owing on meal and/or travel allowances received in previous years. A similar situation occurred in 2016, when one of our contractors underwent a CRA payroll audit, and several of our members were subsequently re-assessed and taxed on meal and travel allowances. At that time, Local 170 requested an opinion from Lewis & Company, a tax specialist in this field. Please refer to the tax opinion and information sent to Local 170 members on January 18, 2017 (pdf below), which will equally assist you if you have recently been re-assessed by CRA. This information is still valid today and is repeated in the opinion received on March 14, 2018 by the Boilermakers Lodge 359, whose members are also being affected, as they have similar travel provisions in their collective agreement. Income Tax Act Section 6(6)(b)(i) states that a transportation allowance is not taxable if it is reasonable and if it is provided for travel between the "principal place of residence and the special work site". As our contracts provide a travel allowance from "Burnaby City Hall" to the special worksite, it has seemingly triggered the "taxable" status of the entire travel allowance.

The Bricklayers' Union tax lawyer has advised their membership differently as their collective agreement specifically provides a travel allowance from their residence to their jobsite (as stated in the Income Tax Act) at the prescribed rate, and yet their members were still re-assessed for the additional income. This appears to be an administrative error on the part of CRA, rather than a disagreement as to the interpretation of the Income Tax Act and therefore, they are addressing the situation in a different manner.

We are bound by current Canadian laws and are not licensed to give out tax advice, but want to provide you with any information that may be helpful in dealing with your time-sensitive re-assessment(s). We will not take the position of acting as your representative with CRA as each person's tax situation is unique, and the best options for you can only be properly assessed by your own tax professional/advisor. In addition your financial records are a private matter. By authorizing a representative with CRA (submitting Form T1013 as requested by the Bricklayers), you are letting that person represent you for income tax matters at the level of authorization you specify (for specified years); giving them access to all your CRA account records and allowing them to request changes to your tax account.



I encourage you to print out this correspondence and consult with a tax advisor to help determine the best course of action for you. Depending on your tax situation and the documents that you have available, you may be advised to File an Objection, amend your previous year's tax return to include eligible expenses and therefore reducing the overall tax owing, or both. It is also advisable that going forward, you keep receipts and detailed records of your travel and meals expenses, in the event that you are re-assessed and/or audited in the future.

In the meantime, we are working in the background to try to resolve/appeal the overall CRA travel/meal allowance interpretation, which continues to have ramifications for all our members. We are in discussions with other Building Trades Business Managers and with the BC and Canadian Building Trades to determine next steps at both provincial and national levels. We will keep you informed as soon as we have more information.

Fraternally yours,

A handwritten signature in black ink, appearing to read 'A.D. Al Phillips', with a stylized flourish at the end.

A.D. Al Phillips, RSE
Business Manager & Financial Secretary