

Query="6(6)" 2013

**2013-0502641E5 — Transportation Allowance**

**Date: December 30, 2013**

Window on Canadian Tax Commentary

**Subject: Transportation Allowance**

**Materials related to this Tax Window File**

**Income Tax Act:** 6(1)(b); 6(6)

**PRINCIPAL ISSUES:** What the CRA considers to be a reasonable transportation allowance for purposes of subparagraph 6(6)(b)(i) of the Act?

**POSITION:** Question of fact.

**REASONS:** It is the Directorate's view that an allowance that approximates the transportation expenses to be incurred by the employee would generally be considered reasonable for purposes of subparagraph 6(6)(b)(i) of the Act.

Please note that the following document, although believed to be correct at the time of issue, may not represent the current position of the CRA.

Prenez note que ce document, bien qu'exact au moment émis, peut ne pas représenter la position actuelle de l'ARC.

XXXXXXXXXX

2013-050264

C. Underhill

December 30, 2013

Dear XXXXXXXXXXXX:

Re: Transportation allowance

We are writing in response to your correspondence of June 10, 2013 and September 13, 2013, asking what the Canada Revenue Agency ("CRA") considers to be a reasonable transportation allowance for purposes of subparagraph 6(6)(b)(i) of the Income Tax Act ("Act").

**Our Comments**

This technical interpretation provides general comments about the provisions of the Act and related legislation (where referenced). It does not confirm the income tax treatment of a particular situation involving a specific taxpayer but is intended to assist you in making that determination. The income tax treatment of particular transactions proposed by a specific taxpayer will only be confirmed by this Directorate in the context of an advance

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income tax ruling request submitted in the manner set out in Information Circular IC 70-6R5, Advance Income Tax Rulings.

Generally, the value of employer-provided transportation to and from a particular work location is included in an employee's employment income under subsection 6(1) of the Act. However, subsection 6(6) of the Act provides an exception to this general rule by allowing certain benefits related to a special work site or remote work location to be excluded from income. In particular, subparagraph 6(6)(b)(i) of the Act excludes from an employee's income, a reasonable transportation allowance for transportation between the employee's principal place of residence and a special work site. The allowance must be for travel expenses that an employee has incurred or will incur. Further, the exclusion only applies if the employee also received free board or lodging or a reasonable allowance for board and lodging.

Reasonableness is not defined for purposes of subparagraph 6(6)(b)(i) of the Act. Whether an allowance is reasonable for purposes of subparagraph 6(6)(b)(i) of the Act is a question of fact. However, it is our view that an allowance that approximates the transportation expenses to be incurred by the employee would generally be considered reasonable for purposes of subparagraph 6(6)(b)(i) of the Act.

We trust these comments will be of assistance.

Yours truly,

Nerill Thomas-Wilkinson, CPA, CA  
Manager  
for Director  
Business and Employment Division  
Income Tax Rulings Directorate  
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Branch

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