

Minister Ashfield announces a Federal initiative to make things better for business

Ottawa, Ontario, June 28, 2010... The Honourable Keith Ashfield, Minister of National Revenue, Minister of the Atlantic Canada opportunities Agency and Minister for the Atlantic Gateway, is pleased to announce the introduction of a new simplified logbook for motor vehicle expense provisions as part of the government's overall strategy to assist small and medium sized businesses and Canada Revenue Agency's (CRA's) aim to ease the tax compliance burden of small business owners.

"Our government recognizes the importance of small and medium sized businesses to our economy and is continuously making it easier and better to do business in Canada. This new sample logbook will simplify record keeping, significantly reduce paperwork and still provide reliable data to both business owners and the CRA" said Minister Ashfield. "Our government continues to work closely with the Canadian Federation of Independent Business (CFIB) and other organizations to address the needs of small businesses."

In the 2008 Federal Budget, the Government of Canada, through recommendations by the CFIB, identified the requirement to keep a logbook as the most burdensome aspect of the motor vehicle tax provisions for its members. In response, the Canada Revenue Agency developed an alternative system for recording business travel with the aim to assist businesses in substantiating the business use of a motor vehicle that was used for business and personal reasons.

"Ensuring small businesses fully comply with tax rules can be particularly time-consuming and costly. We are very pleased the CRA is listening to these concerns and working with us," said Dan Kelly, senior vice-president for the Canadian Federation of Independent Business (CFIB). "A sample logbook tracking the business use of a vehicle will help reduce three-quarters of the paperwork burden and give businesses the confidence that they have maintained their records properly."

Businesses can choose to maintain a full logbook for one complete year to establish the business use of a vehicle in a base year. After one complete year of keeping a logbook (starting in 2009 or thereafter) to establish a base year, a three month sample logbook can be used to extrapolate business use for the entire year, providing the usage is within the same range (within 10%) of the results of the base year. Businesses will need to demonstrate that the use of the vehicle in the base year remains representative of its normal use. Thus, for both income tax and GST/HST purposes, the motor vehicle record keeping burden is being reduced.

For more information about the sample logbook policy, go to <http://www.cra.gc.ca>.

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