



TO: Chair and Members of the Finance & Facilities Committee

FROM: Christopher Mackie, Medical Officer of Health/CEO

DATE: 2020 February 6

STAFF REIMBURSEMENT - MILEAGE

Recommendation

It is recommended that the Finance & Facilities Committee make recommendation to the Board of Health to approve increases to employee mileage reimbursement rates effective January 1, 2020 to \$0.55/km for the first 5000 km and \$0.50/km thereafter.

Key Points

- The Health Unit has not increased mileage reimbursement rates for employees using their personal automobile for work related transportation since 2014.
- Mileage rates are set by MLHU policy and are not tied to Canada Revenue Agency (CRA) rates.
- If reimbursement rates are not considered reasonable, the Health Unit may be required to include the allowance paid in the taxable income of the employee, with significant tax implications for employees and MLHU.
- It is recommended that the Board approve increases to employee mileage reimbursement rates effective January 1, 2020 to \$0.55/km for the first 5000 km and \$0.50/km thereafter.

Discussion

As a result of collective bargaining in 2014, one of the key negotiated items for both CUPE and ONA was that mileage reimbursement rates were no longer tied to the rates published by CRA (previously no more than 3 cents below tax exempt allowance) and instead were tied to MLHU policy to a floor of \$0.51/km for the first 5000 km and \$0.45/km thereafter.

The Health Unit reviews reimbursement policy from time to time to ensure that policy complies with CRA guidelines. If reimbursement rates are not considered reasonable, the Health Unit may be required to include the allowance paid in the taxable income of the employee. Specific conditions to ensure that mileage reimbursements remain untaxable in the hands of employees are as follows:

- a) the allowance is based only on the number of business kilometers driven in a year;
- b) the rate per kilometer is reasonable; and
- c) the employee is not reimbursed for expenses related to the same use of the vehicle.

CRA rates for 2020 are \$0.59/km for the first 5000 km and \$0.53/km thereafter. It is recommended that the Board approve rate increases effective January 1, 2020 to \$0.55/km for the first 5000 km and \$0.50/km thereafter in order to bring revised rates within a reasonable range in comparison to current CRA rates.

With this increase it is anticipated that mileage claim amounts will increase by 7.8% for claims up to 5,000 km per annum and by 11.1% for claims exceeding this limit.

Travel Reimbursement Rates	2014-2019	2020	Change
Under 5,000 km	0.51	0.55	7.8%
Over 5,000 km	0.45	0.50	11.1%

Next Steps

With Board of Health approval to proceed, the change in rates of reimbursement will be effective January 1, 2020. An amount of \$20,000 for costs required to cover incremental mileage claims has been incorporated into the 2020 budget.

This report was prepared by the Healthy Organization Division.



Christopher Mackie, MD, MHSc, CCFP, FRCPC
Medical Officer of Health/CEO