

Policy

Title: CAR ALLOWANCE POLICY		Number: 0108
Reference: Administrative Committee - December 2, 2020	Adopted by City Council: October 17, 2011	
	City Clerk	Chief Administrative Officer
Supersedes: July 24, 2000 April 15, 1991 January 21, 1989		
Prepared by: FINANCE DEPARTMENT, CORPORATE SERVICES DIVISION		

STATEMENT

EMPLOYEES WHO ARE AUTHORIZED TO USE THEIR PRIVATE VEHICLES IN THE PERFORMANCE OF THEIR EMPLOYMENT DUTIES WILL BE REIMBURSED BY THE PAYMENT TO THEM OF A CAR ALLOWANCE.

PURPOSE

Authorization for use and reimbursement for using private vehicles in the performance of employment duties will be determined based on the following principles:

1. It is economically advantageous for the City to pay car allowance rather than providing City owned vehicles or other transportation such as taxis.
2. Non-taxable mileage reimbursement will be paid based on Canada Revenue Agency (CRA) prescribed rates in effect at the time of reimbursement.
3. Taxable flat rate car allowances will be established based on justification provided by the employee regarding use of his/her vehicle. CRA prescribed rates will be used as the basis for determining the flat rates.

Procedure



Title: Car Allowance		Number: 0108
Approved by the Administrative Committee: August 20, 2025 <div style="display: flex; justify-content: space-around;"> <div>City Clerk</div> <div>City Manager</div> </div>		Supersedes: December 2, 2020
Prepared by: Finance		

1. DEFINITIONS

1.01 Car Allowance

A rate approved by City Council to reimburse employees for the use of their Personal Vehicles for in-town City business purposes.

- (a) Option A – a fixed taxable flat rate that is paid bi-weekly. This option is available:
- (i) when required by employment contract;
 - (ii) when required under another City Policy; or
 - (iii) at the discretion of a Managing Director or the City Manager.
- (b) Option B – a non-taxable rate that is based on actual logged kilometres and is paid upon approval from an employee's Supervisor.

1.02 Car Allowance Reimbursement

A payment that refers to Option B of the Car Allowance Policy.

1.03 City Business Purposes

Required by employees as part of their official duties. Business purposes does not include travel between home and a work location unless such trips are for off-hours work and also does not include travel during lunch breaks.

1.04 City Parking Fees

City parking fees charged to City employees for parking personal vehicles at City facilities.

1.05 City Vehicle

Any vehicle owned, rented or leased by the City of Medicine Hat.

1.06 Personal Vehicle

A vehicle used by an employee that is in good running condition with the necessary vehicle insurance.

1.07 Work Location

A location where the employee normally reports for work on a year round basis.

1.08 In-Town

Locations which do not exceed a fifty (50) kilometre radius from Medicine Hat city limits.

2. RESPONSIBILITIES

2.01 City Council

- (a) Receive, review and adopt the Policy and any recommended amendments.

2.02 Administrative Committee

- (a) Monitor the application, interpretation and administration of this Policy.
- (b) Recommend any changes to this Policy to City Council, including the principles used to determine the rates.
- (c) Adopts the Procedures and any amendments to them.

2.03 City Manager

- (a) Ensure that Car Allowance Rates under Option A and Car Allowance Reimbursement payments under Option B are monitored.

2.04 Managing Director of Corporate Services

- (a) Ensure that all Car Allowance Rates under Option A and Car Allowance Reimbursement payments under Option B are monitored and proper accounting and control procedures are in place.

2.05 Managing Directors

- (a) Ensure by appropriate review, at least annually, that any positions receiving a flat Car Allowance Rate under Option A are using the correct option and/or class and recommend changes when necessary.
- (b) Ensure that the appropriate Car Allowance Authorization forms under Option A are correctly completed before being forwarded to Payroll.

2.06 Directors

- (a) Verify and approve parking fee reimbursements for eligible employees in their department.

2.07 City Manager/ Managing Directors/ Directors /Managers/ Non-Union Supervisors

- (a) Approve reimbursement under Option B for employees reporting directly to the respective Department Head.
- (b) Ensure that the City is adequately protected against public liability and property damage related to the employee use of their Personal Vehicle.

2.08 People Services/Payroll

- (a) Process flat rate and mileage reimbursement claims through the payroll system.
- (b) Provide employee mileage reports and paid parking fees over the 12-month period from December 1 to November 30 to Directors and Managers to determine eligibility of parking reimbursement.
- (c) Update the mileage reimbursement rates when the CRA prescribed rate changes.
- (d) Submit an annual report on car allowances (flat rate and mileage reimbursement) to the City Manager and Managing Directors.

2.09 Employee

- (a) Employees receiving a Car Allowance Rate or Car Allowance Reimbursement must carry the legally mandated level of insurance and have a valid Alberta Driver's License.

- (b) For non-taxable mileage reimbursement under Option B, maintain a log of trips and actual kilometres traveled for City business and submit to supervisor the required claim forms for reimbursement bi-weekly or on a monthly basis.
- (c) Employees receiving parking reimbursement must submit their mileage prior to the first pay period in December for the last 12 months up to and including November 30th.
- (d) Notify supervisor and discontinue using their personal vehicle for employment duties if their insurance is cancelled and/or their operator's license becomes invalid.
- (e) Notify supervisor if they are involved in an accident while performing employment duties. The employee is responsible for any physical damage to their vehicle and any costs for repairs/deductible/tickets/fines.

3. PROCEDURES

3.01 City-Owned/Leased Vehicles

Where circumstances are such that the option of an employee-owned vehicle is not justified or practical, a budget appropriation request for the purchase or lease of a vehicle shall be made at the discretion of the Chief Administrative Officer.

3.02 Mileage Reimbursement

Reimbursement of Personal Vehicle usage will be paid based on the CRA prescribed rates currently in effect.

3.03 Parking Fee Reimbursement

- (a) Fifty percent (50%) of annual parking fees will be reimbursed for eligible employees for a 12-month period from December 1 to November 30 and is a taxable benefit that will appear on the employee's T4.
- (b) Reimbursement occurs in December for eligible employees with active employment status.
- (c) Criteria for reimbursement is as follows:
 - i. The City has determined that use of Personal Vehicle for City Business Purposes is a requirement for the position.
 - ii. Employees must travel a minimum of 200 kilometres for City Business Purposes over 12-month period (December 1 to November 30).
 - iii. Tracking of kilometres restarts at zero (0) kilometres every December 1.
 - iv. Payroll must provide proof that the employee's parking fees have been paid for the year.
- (d) If the employee's parking pass is cancelled for any reason, parking reimbursement may be pro-rated.

3.04 Provision of Insurance

Employees receiving a mileage reimbursement must carry the legally mandated insurance.

3.05 Tickets, Fines, Parking Meter Rates

All employees are responsible to pay any fines levied as a result of parking or operating their personal vehicle while on City business.

3.06 Out-of-Town Car Allowance

Reimbursement claims for approved out-of-town travel will be processed with the Travel Expense Statements as outlined in the Personal Expense Policy #0107.

4. APPENDICES

- A. Option A: Rate Structure
- B. Option A: Car Allowance Authorization Form
- C. Option B: Rate Structure
- D. Option B: Non-Taxable Mileage Reimbursement Form

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OPTION A: RATE STRUCTURE

When required by employment contract, when required under another City Policy, or at the discretion of a Managing Director or the City Manager with approval on an annual basis, a taxable flat rate may be paid bi-weekly under Option A, with two levels of reimbursement available:

OPTION A	Annual Kilometres	Car Allowance
Level I	1 – 5,000	As prescribed by Human Resources
Level II	More 5,000	As prescribed by Human Resources


This approval may require a logging period or an estimate of annual mileage at the Managing Director or City Manager's discretion.

Option A is a taxable allowance and expenses incurred while utilizing personal vehicles on City business may be claimed for income tax purposes. For advice on this matter, employees should contact Revenue Canada and/or a qualified tax accountant.

To access Option A, a **Car Allowance Authorization Form, Option "A"**, substantially as set out in Appendix B to this Policy, must be completed annually and be approved by a Managing Director or the City Manager.

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OPTION A: CAR ALLOWANCE AUTHORIZATION FORM

		FOR THE YEAR OF	
		EMPLOYEE NAME	
		EMPLOYEE (RESOURCE) ID	
		DEPARTMENT	
		DIVISION	
CAR ALLOWANCE POLICY 0108 AUTHORIZATION FORM - OPTION A			
WORKORDER			
ACCOUNT			
CLASS (I OR II)			
EMPLOYEE SIGNATURE		DATE	
CAO/COMMISSIONER APPROVAL		DATE	

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OPTION B: RATE STRUCTURE

Receipts will be non-taxable based on logged kilometres. Employees must log all kilometres for approved non-taxable reimbursement.

Employees will submit approved claims for reimbursement to supervisors using the **Car Allowance Reimbursement Form**, substantially as set out in Appendix D to this Policy.

As an employee progresses through the levels I to II the appropriate rate will be paid.

OPTION B	Annual Kilometres	Car Allowance
Level I	1 – 5,000	As prescribed by Human Resources
Level II	More 5,000	As prescribed by Human Resources
	Out of town travel	As prescribed by Human Resources

NOTE: All kilometres logged must **NOT** include kilometres for trips between home and where the employee reports to work unless such trips are for off-hours work.

Mileage reimbursement will be computed and paid through the payroll system. Car allowance reimbursement forms must be submitted bi-weekly or on a monthly basis.

Claims for out of town travel will be processed with the travel expense statements. Out of town kilometres will not be included in the accumulated kilometres for reimbursement.

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OPTION B: NON-TAXABLE MILEAGE REIMBURSEMENT FORM

		EMPLOYEE NAME:		
		EMPLOYEE (RESOURCE) ID:		
		DEPARTMENT:		
CAR ALLOWANCE POLICY 0108 NON-TAXABLE MILEAGE REIMBURSEMENT FORM - OPTION B				
FOR THE PERIOD:			TO:	
DATE	FROM	TO	REASON	KM
WORKORDER		TOTAL KMs		0
ACCOUNT				
EMPLOYEE SIGNATURE _____			DATE _____	