



Title	Mileage Reimbursement Policy
Policy Area	Operations, Finance
Policy Number	E.1.3
See also	Collective Agreements, Travel Policy, Frequently Asked Questions – Mileage Reimbursement

Effective Date: January 1, 2007
Approval Date: April 2, 2007
Applies to: Employees of Okanagan College
Approving Body: President
Supersedes/New: Mileage Reimbursement Policy October 6, 2005
Authority: *College and Institute Act*

The following are responsible for the administration of this policy,

Primary Office	Contact
Vice President, Finance and Administration	Director, Financial Services

Policy Statement

- 1.0 When an employee uses their own motor vehicle to travel on College business in the performance of their duties, the employee shall be reimbursed for the distance travelled at a specified rate in accordance with this policy.
- 2.0 Except as stated in s.6.0, the College does not reimburse for distance travelled from an employee's residence to their *regular* place of work.

- 3.0 In accordance with this policy, certain reimbursed mileage for employees with multi-campus/work locations will be treated as a taxable benefit, as required by CRA policies, and reported as income for the employee. It will be reported annually on the T4 Statement of Remuneration Paid.

Policy Details

- 4.0 The mileage reimbursement rate will be the rate specified by the relevant collective agreement or policy. The current rate is \$0.45 per kilometre and will be reviewed and adjusted from time to time. This allowance is intended to cover all operating and ownership costs. College insurance policies do not provide coverage for the employee's use of their vehicle on College business.
- 5.0 *Regular* place of work, as described by CRA, is the location at which an employee regularly performs their duties of employment for a variety of business reasons, or where an employee is regularly scheduled to report each week, even if the schedule is once per week. An employee can have more than one regular place of employment in the course of a year, and those can change from time to time.
- 6.0 Staff who are working at a campus other than their assigned campus, may claim mileage when they travel between that campus and their residence. This is deemed by CRA to be commuting travel and a taxable benefit, and as such will be reported as income to the employee and taxable. The mileage claimed shall not exceed the distance from their assigned campus to the second campus. Use of a College vehicle in the same circumstances will also result in a taxable benefit to the employee and be reportable as such.
- 7.0 Irregular travel is reimbursable and occurs when an employee reports to a location on College business on an unscheduled or irregular basis whether or not the location is an OC campus. This reimbursement is not considered by CRA to be a taxable benefit, so is not reportable.
- 8.0 Out of College Region Travel: If an employee travels from their home or from an OC campus to a location outside of the College Region¹ on College business, the travel from their residence or the campus to this out-of-region destination and the return trip will be reimbursable and not taxable.
- 9.0 Over-night Stays: If an employee is required to stay over-night at a location either within or outside of the College Region, the travel from and to their residence or an OC campus, and to and from this destination is reimbursable travel and not taxable.

Procedures

- 10.0 Reimbursable amounts are paid to the driver only. Passengers travelling in the motor vehicle may not claim mileage or the cost of equivalent public transportation.
- 11.0 Reimbursable costs are calculated by applying the kilometre rate to the actual driving distance by using the most direct route. For ease of calculation, the one way distances in kilometres from the Kelowna Campus to other locations are as follows:

¹ College Region is the area between Osoyoos/Princeton and Revelstoke.

Armstrong 75	Oliver 104	Sicamous 126
Enderby 90	Osoyoos 128	Summerland 45
Kalamalka 53	Penticton 67	UBCO 15
Kamloops 176	Princeton 176	Vancouver 400
Keremeos 109	Revelstoke 197	Victoria 450
Landmark 4	Salmon Arm 115	

- 12.0 Mileage reimbursement cannot be claimed when using a College vehicle.
- 13.0 For travel outside of the College Region, an employee can claim either the actual mileage driven or a round trip economy airfare, whichever is less.
- 14.0 The Kilometre Log must be completed in full and attached to all mileage reimbursement claims. Mileage reimbursement claims will not be processed and paid without a fully completed Kilometre Log being attached.

Additional Information

Kilometre Log attached

Frequently Asked Questions – *Mileage Reimbursement Policy*

Mileage Reimbursement Policy

Frequently Asked Questions

- 1. Why do we have a new policy? How is it different than the old policy?**

Okanagan College has redeveloped its *Mileage Reimbursement Policy* in order to give employees a better understanding of what mileage they will be reimbursed for by the institution that may be considered a “taxable personal benefit” by the Canada Revenue Agency (CRA).
- 2. Is Okanagan College changing what it pays for in terms of mileage?**

No, the College will continue to reimburse employees for mileage traveled on the same basis as it has. That is described in the policy. Much of the policy is derived from collective agreement provisions that have been negotiated with the unions representing our employees.
- 3. The new policy introduces the phrase “regular place of work” – how is that different from an assigned campus?**

The phrase “regular place of work” has been introduced to help clarify the CRA’s view of your working world and to differentiate it from the way the College organizes its assignment of employees. From CRA’s perspective, employees may have more than one “regular place of work.” From the College perspective, we assign employees to a single location and, in the case of our Instructional staff, we also advise that there is a possibility of teaching assignments at other campuses. The College generally reimburses its employees for travel between campuses to attend meetings, to teach etc. (the conditions of which are spelled out in the policy). If you are assigned to teach at a campus other than your assigned campus, for example, the CRA would consider that second campus a “regular place of work.” When Okanagan College reimburses you to travel from home to a “regular place of work” that is other than your assigned campus, CRA considers this to be commuting and a taxable personal benefit.
- 4. Can you provide an example of what all this means to a professor who may have to teach on two campuses?**

Consider the case of Professor X, who lives in Summerland. His assigned campus is Penticton, but he teaches Tuesday and Thursday mornings in Kelowna. On Monday afternoon, he gathers the material he will need for his lecture from his office in Penticton and then drives 45 kilometres straight to Kelowna from his home in Summerland on Tuesday morning. Because he is scheduled to teach in Kelowna, the CRA will consider the Kelowna campus to be a “regular place of work.” When the College reimburses the professor for his travel from Summerland to Kelowna (45 kilometres at 45 cents per kilometer), the CRA considers that to be a taxable personal benefit. If the professor had driven from Summerland to the Penticton campus early Tuesday morning because he had forgotten materials on Monday afternoon and then driven to Kelowna, the College would pay for the 67 kilometres traveled between Penticton and Kelowna (not for

the 22 kilometre trip from Summerland to Penticton, however, since that is travel to the employee's assigned campus). The CRA would not consider the College-paid reimbursement for mileage traveled between the Penticton and Kelowna campuses to be a taxable personal benefit.

5. Can you provide other examples of this how the policy works?

Scenario 1: *An employee is assigned to the Kelowna campus and normally carries out their employment duties at that campus and is required to travel to Penticton for an all day event: e.g. meeting, professional development or other College business.*

If the travel is irregular, the employee may claim business travel (reimbursable and not taxable) from their home to the Penticton campus or the mileage between the Kelowna campus and the Penticton campus, whichever is less. The kilometres claimed may not exceed the actual kilometres driven. The return trip home may also be claimed as business travel. The mileage costs are reimbursable and not taxable.

Scenario 2: *An employee is assigned to the Kelowna campus, reports there then is required to attend a meeting at the Vernon Campus, then return to the Kelowna Campus to complete their day's work.*

The employee may claim business travel from the Kelowna Campus to the Vernon Campus return. The mileage costs are reimbursable and not taxable.

Scenario 3: *If the employee is assigned to the Vernon campus, reports there, then is required to attend a meeting at the Kelowna campus, then returns directly to their home after the meeting.*

The employee may claim the distance from the Vernon Campus to the Kelowna Campus to attend the meeting and the trip home as business travel (reimbursable and not taxable). However, the employee may only claim the lesser of either the distance between the Vernon and Kelowna campuses or, the distance between the Kelowna campus and the employee's home.

Scenario 4: *If an employee lives in Vernon, but is assigned to the Kelowna Campus, and is required to attend a breakfast meeting at a local restaurant in Kelowna, then report to the Kelowna Campus to complete their days work.*

The employee may claim business travel (reimbursable and not taxable) from their home to the Kelowna restaurant and from the restaurant to the Kelowna Campus. The return trip home from the Kelowna campus is

personal travel and cannot be claimed, as this is commuting to their assigned work location.

Scenario 5: *A faculty member is assigned to the Kelowna Campus, but teaches one section at the Penticton campus.*

The faculty member may claim mileage from their home to the Penticton Campus and from the Penticton campus back to their home or from the Kelowna Campus to Penticton Campus, return, whichever distance is less. While the employee would be reimbursed by the College, the CRA would consider this to be commuting to a regular work site and deem it to be a personal taxable benefit.

Scenario 6: *An employee is assigned to the Vernon Campus, but regularly reports to the Kelowna Campus to attend meetings, supervise staff or attend to other College business.*

The regularity of the travel creates a second work-site for the employee, so that when the employee travels from or to their home from either of the two worksites CRA would consider this commuting to work and deem any reimbursement of this travel to be a personal taxable benefit. If reimbursed under exceptional circumstances and the claim is accepted, the employee may claim mileage from their home to the Kelowna campus or from the Vernon campus to the Kelowna campus, whichever is less. The return trip home would also be considered a personal taxable benefit.

However, should the employee return from Kelowna to the Vernon campus to complete their duties for the day, the employee may claim the distance from the Kelowna campus to the Vernon campus as business travel which is reimbursable but not taxable.

6. There is a new Kilometre Log included with the Mileage Policy, that is different from the expense form that I have filled out in the past. Why do we need to fill out more forms?

Anyone who uses a vehicle and is reimbursed for its use has always been expected by CRA to keep a log, explaining the trips taken, purposes of trips, etc. Neither Okanagan College nor OUC ever provided a sample log for employees to use – that has been and continues to be – a personal responsibility. Because of the CRA interpretation of “regular place of work” and our wish to rely on employees to describe what portions of their mileage ought to be considered of personal taxable benefit, we have included the log that will aid us to differentiate between travel for business purposes and travel that is of a taxable personal benefit from the CRA’s perspective. That will allow us to break down the mileage for purposes of assessing tax on behalf of the CRA. You will still be expected to complete the

same expense form that you have in the past. Maintaining a log remains an individual responsibility. Mileage expense claims will not be processed and paid without a completed Kilometre Log attached.

7. Are there alternatives?

The issue of taxes paid or owing to the CRA are a matter for the individual employee and the CRA to settle out, in the final analysis. Okanagan College policies and pay practices are a matter between the employer and the employee. If an employee chooses to dispute whether reimbursement for mileage traveled is, in fact, a taxable personal benefit, that is a matter for that individual to argue with the CRA.

8. Is using a College vehicle seen as a taxable benefit by CRA?

Yes, in some circumstances. If a College vehicle is used for what CRA considers to be personal travel, then the use of the vehicle for this travel will be deemed to be a taxable personal benefit. The College vehicle “use register” will be reviewed by the Finance Department in order to comply with CRA tax laws.

9. When is this policy effective?

The policy is effective January 1, 2007. CRA required the College to report travel they deemed to be a taxable personal benefit retroactive to January 1, 2006. To facilitate accurate reporting in 2007 you will be given an opportunity to provide additional information to help the College determine if the travel reimbursements made in January, February or March of 2007 are taxable or not. Please complete the new Kilometre Logs for January, February and March 2007 and submit them to your supervisor, who will submit them to Payroll. Please mark these logs “PAID” prior to submitting them.

10. Is there anywhere else I can turn for further information or clarification regarding this policy and its application?

We attach a document from the CRA website that may provide further insight. Your Dean, Director or supervisor may be able to provide further insight into application of this policy as well.

Attachments:

1. Two completed sample Kilometre Logs
2. Article from CRA