

**Meal Expense Deductibility at the 50% Rate**  
**What it Costs Drivers in Additional Income Tax**

**Assumptions**

- 1) The driver is on the road 5 days per week, 50 weeks per year, for a total of 250 days
- 2) Annual gross income \$ 50,000
- 3) Annual meal expenses using CRA receipt-free rate  
\$51 per day x 250 days 12,750

**Income Tax Payable at 50% Meal Deductibility Rate**

Gross income	50,000	
Less deductions from income		
Meal expenses: \$12,750 x 50%	(6,375)	
Other deductions	(1,500)	
Taxable income	<u>42,125</u>	
Income tax payable at 2006 average federal-provincial rate		\$ 9,004

**Income Tax Payable at 80% Meal Deductibility Rate**

Gross income	50,000	
Less deductions from income		
Meal expenses: \$12,750 x 80%	(10,200)	
Other deductions	(1,500)	
Taxable income	<u>38,300</u>	
Income tax payable at 2006 average federal-provincial rate		7,661

**Canada Average Tax Rate - Penalty to Driver from 50% Deductibility** \$ 1,343

**High Federal-Provincial Tax Rate (QC) - Penalty to Driver** \$ 1,468