

# Declaration of Conditions of Employment [Form T2200 & Form TP-64.3-V]



# TABLE OF CONTENTS

<b>INTRODUCTION.....</b>	<b>1</b>
<b>KEYWORD SEARCH AND HYPERLINKS.....</b>	<b>2</b>
<b>ALL ABOUT T2200 FORMS .....</b>	<b>3</b>
WHAT IS A T2200 FORM? .....	3
WHEN IS AN EMPLOYER REQUIRED TO PROVIDE A T2200 FORM? .....	3
WHAT IS A CONDITION OF EMPLOYMENT? .....	4
WHEN CAN AN EMPLOYEE REASONABLY EXPECT TO CLAIM EXPENSE DEDUCTIONS?.....	5
<b>HOW TO COMPLETE THE T2200 FORM.....</b>	<b>6</b>
PART A: EMPLOYEE INFORMATION .....	6
PART B: EMPLOYER INFORMATION.....	6
PART C: CONDITIONS OF EMPLOYMENT .....	6
QUESTION #1.....	6
QUESTION #2 .....	7
QUESTION #3 .....	8
QUESTION #4.....	8
QUESTION #5.....	12
QUESTION #6.....	17
QUESTION #7 .....	17
QUESTION #8.....	19
QUESTION #9.....	20
QUESTION #10 .....	21
QUESTION #11.....	22
QUESTIONS 12, 13 AND 14 .....	22
<b>EMPLOYER DECLARATION.....</b>	<b>23</b>
<b>QUEBEC EMPLOYEES.....</b>	<b>23</b>
<b>HOW TO COMPLETE FORM TP-64.3-V .....</b>	<b>24</b>
<b>T2200.....</b>	<b>25</b>
<b>TP-64.3-V FORM .....</b>	<b>28</b>
<b>ACKNOWLEDGEMENTS .....</b>	<b>31</b>

# INTRODUCTION

As the authoritative source of Canadian payroll knowledge, one of the National Payroll Institute (NPI) objectives is to publish guidelines that can be referenced as NPI Payroll Best Practices Guidelines for payroll professionals and their employers. As the authoritative source of Canadian payroll knowledge, one of the National Payroll Institute (NPI) objectives is to publish guidelines that can be referenced as NPI Payroll Best Practices Guidelines for payroll professionals and their employers.

A challenge for many payroll professionals is having their employers understand that payroll is mission critical, and requires in-depth knowledge and skills to ensure compliance.

The NPI Guidelines can assist organizations with preparing for a payroll audit. They can also provide benchmarking tools for designing and/or implementing Payroll Best Practices.

These guidelines were created by a task force of NPI staff and subject matter expert payroll professionals, ensuring both the accuracy of the information and the practicality of its application, based on real-life experiences within various organizations.

The NPI would like to thank the subject matter experts for their participation on the task force and their contributions to these guidelines.

NPI members should direct any legislative questions on these guidelines to:

The National Payroll Institute's Payroll InfoLine

Toll Free: 1-800-387-4693 ext. 772

Phone: 416-487-3380 ext. 772

Email: [Infoline@payroll.ca](mailto:Infoline@payroll.ca)

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## KEYWORD SEARCH AND HYPERLINKS

When viewing any of the NPI's guidelines online, readers can search for keywords appearing within the document. For example, if information is required on a certain word or phrase, type the word or phrase in the search window (activated by pressing the "Control" and "F" keys simultaneously on most applications).

These guidelines contain hyperlinks within the document itself. All government forms, guides and websites discussed within the guidelines can also be accessed using these hyperlinks, which were active at the time of publication.

The Guide can be found on our website ([payroll.ca](http://payroll.ca) → [Resources](#) → [Tools & Resources](#)).

### **NOTE:**

These guidelines provide general information about selected issues concerning payroll legislative and compliance issues, and/or employment and taxation laws. It is not legal advice and should not be relied upon as a substitute for legal counsel. Every effort has been made to provide accurate information; however, we advise you to seek legal counsel and advice from a qualified lawyer regarding your specific situation. Legal obligations vary according to the facts and circumstances, as well as the jurisdiction.

# ALL ABOUT T2200 FORMS

## WHAT IS A T2200 FORM?

Form T2200 is a confirmation of the terms and conditions of employment for an employee who may be in a position to claim deductions for employment-related expenses on their personal tax return.

Neither the employee nor the employer is required to file Form T2200 with the Canada Revenue Agency (CRA); however, the employee should maintain the signed form with their records in the event the CRA requests it. The employer should keep a copy in their records as well.

A signed T2200 form does not provide the employee with any guarantee that expenses incurred are deductible. The eligibility to deduct employment expenses is a personal income tax matter between the individual employee and the CRA. Employees wishing to deduct employment expenses are advised to review the CRA publications, such as the guide T4044 Employment Expenses, or seek advice from their personal tax consultant.

## WHEN IS AN EMPLOYER REQUIRED TO PROVIDE A T2200 FORM?

An employer should be prepared to provide a T2200 form to any employee who:

- has conditions of employment that require the employee to incur out-of-pocket expenses when performing their employment duties; and
- can reasonably expect to claim employment-related expenses as deductions on their personal tax return.

For the CRA, an officer or employee is eligible to claim a deduction for expenses under section 8 of Income Tax Act, which home office expenses (if all the requisite conditions are met). The definition of an officer, as per section 248(1) of the ITA, is as follows:

*248(1) office means the position of an individual entitling the individual to a fixed or ascertainable stipend or remuneration and includes a judicial office, the office of a minister of the Crown, the office of a member of the Senate or House of Commons of Canada, a member of a legislative assembly or a member of a legislative or executive council and any other office, the incumbent of which is elected by popular vote or is elected or appointed in a representative capacity and also includes the position of a corporation director, and officer means a person holding such an office;*

Accordingly, while eligibility would be a question of the facts of a particular situation, in general a board director would be eligible to claim home office expenses as an officer of a corporation provided the conditions are met.

For Revenu Québec, an individual may deduct expenses for the use of an office provided the following conditions are met:

- their employment contract specifies that the individual must pay their own expenses;
- when the expenses are paid on their behalf, the amount so paid is included in the calculation of their income.

Thus, if a director has an employment contract that meets the above-mentioned conditions, they could validate whether the other eligibility conditions are met to claim the deduction for home office expenses.

## WHAT IS A CONDITION OF EMPLOYMENT?

A condition of employment is defined as any requirements, other than qualifications, that must be met or complied with for a particular employment position.

Conditions of employment may include, but are not limited to, the following:

- travel for business purposes
- use of a personal vehicle for business travel
- payment for supplies used directly in performing job responsibilities
- maintaining a workspace in the home
- use of a personal cellular phone for business communication
- providing specialized tools to be used directly in the employees' work

Although verbal agreements are valid, as a best practice, it is recommended that conditions of employment be documented in writing with signatures from both the employee and employer indicating mutual agreement.

## WHEN CAN AN EMPLOYEE REASONABLY EXPECT TO CLAIM EXPENSE DEDUCTIONS?

An employee may be able to claim a deduction for employment-related expenses on their personal tax return if:

- they have not received any reimbursement for the employment expense(s) incurred while carrying out their employment duties;
- they are paid a taxable allowance through payroll; or
- they are provided with a reasonable non-taxable reimbursement from the employer but can produce evidence that the actual out-of-pocket expenses exceed the reimbursement amount.
  - > In this case, the employee will be required to voluntarily include the reasonable non-taxable allowance in their taxable income before claiming any deductions on their personal income tax return.

An employee cannot claim deductions for expenses reimbursed in full as a reasonable non-taxable expense reimbursement. Employers should maintain accurate, detailed records of all reimbursements made to employees. If the employee is audited, the CRA may request they provide details of expenses paid by the employer to validate that the employee is not attempting to claim a deduction for an expense already paid directly by the employer as a non-taxable business expense reimbursement.

# HOW TO COMPLETE THE T2200 FORM

## Part A: Employee Information

Record the employee's last name and first name, the tax year for which the form is being produced, and the employee's job title, along with a brief description of the work performed by the employee.

## Part B: Employer Information

Record the employer's name and address.

## Part C: Conditions of Employment

### General Information

The following series of questions confirm the employment conditions established between the employee and employer. Any reimbursements provided by the employer are also recorded on the form.

### Question #1

*Did this employee's contract require them to pay their own expenses while carrying out the duties of employment? Answer yes even if you give an allowance or a reimbursement in respect of some or all such expenses.*      Yes      No

*If no, the employee is not entitled to claim employment expenses, and **you are not required to answer any of the other questions.***

If the conditions of employment agreed to between the employee and employer require the employee to pay for business-related expenses, the answer is "Yes." This applies even if the employee has been provided with an allowance or expense reimbursement.

If an employee receives a taxable allowance or can validate that their actual employment-related expenses are in excess of any non-taxable reimbursements provided by the employer, form T2200 should be completed.

*If yes, enter the period(s) of employment during the year:*

From			To		
Year	Month	Day	Year	Month	Day

*If there was a break in employment, specify the dates:* \_\_\_\_\_

Periods of employment cover full-time and part-time employees and any leaves of absence.



If there were any periods during the year in which there was a break in active employment, for example, a leave of absence, seasonal layoff or a situation that would cause an employee to be inactive, indicate the start and end dates of the periods.

If additional space is required, the employer can enter the additional information on a separate sheet. The separate sheet must be signed by the same authorized individual who signed the T2200 form.

## Question #2

*Did you pay this employee wholly or partly by commission according to the volume of sales made or contracts negotiated?*      Yes      No

*If yes, enter the following information:*

- *Commission paid \$* \_\_\_\_\_
- *Type of goods sold or contracts negotiated* \_\_\_\_\_

*Is there a business development account or other similar commission income account available from which the employee's employment expenses are paid or reimbursed?*      Yes      No

*If yes, is the commission income (code 42) from this account included in Box 14 of the T4 slip?*  
Yes      No

Commission is a form of employment income that is determined based on goods sold or contracts negotiated by the employee. The employee's contract of employment should detail the commission plan and how the amount of commission is determined.

Report the total commission income paid to the employee during the year along with a brief description of the type(s) of goods the employee sells or the contracts they negotiate.

A business development account generally refers to funds allocated to growing a business and could be created specifically for sales employees. Commission income account is a type of revenue account in the organization's accounting structure. Income earned from sales is posted as revenue to this account. If a commission employee's expenses are paid directly from these accounts answer "Yes".

If the employee was reimbursed for employment-related expenses through these accounts, indicate if the commission income was reported on T4 box 14/Code 42.

## SUPPLIES, EXPENSES RELATED TO AN OFFICE, OR HOME OFFICE

### Question #3

Did this employee's contract of employment require them to:

- rent an office away from your place of business?      *Yes*      *No*
- employ a substitute or assistant?      *Yes*      *No*
- pay for supplies that the employee used directly in his or her work?      *Yes*      *No*
- pay for the use of a cell phone?      *Yes*      *No*

### Question #4

*Did you require the employee to use a portion of their home for work?*      *Yes*      *No*

#### NOTE:

This does not have to be part of the employee's employment contract and may be a written or verbal agreement between you and your employee.

*If yes, answer the following 2 questions:*

*Has the employee worked more than 50% of the time from the work space in their home for a period of at least 4 consecutive weeks in the year?*      *Yes*      *No*

*Has the employee used the work space in their home regularly and continually for in-person meetings with clients and other people while doing their work?*      *Yes*      *No*

As more organizations adopt flexible work models, it becomes increasingly important for both employers and employees to stay informed about their respective obligations under these evolving employment conditions. By proactively managing and documenting aspects related to remote, telework, or hybrid work arrangements through formal declarations such as the T2200 or TP-64.3-V, employers and employees can navigate this new landscape with confidence and clarity.

The CRA specified in Guide T4044 that employees are eligible to deduct home office expenses if they have worked from home more than 50 percent of the time for at least four consecutive weeks.

Furthermore, the CRA clarified that the employer's requirement to work from home does not have to be a condition of employment but can be established through a written or verbal agreement. If an employee voluntarily initiates a telework agreement, the employee will be considered to have been required to work from home.

In situations where the employee was not requested to work from home, but the employer did not disallow it, the CRA will consider that the employer allowed the choice to work from home.

Employees eligible for certain deductions will require verification that their work-from-home arrangement was mandated, even if it was not formally stipulated as a condition of employment outlined in their contract.

The form is essential for employees who take on the additional financial burden of certain unreimbursed work-related expenses. Without the form, an employee will not be able to claim expenses. Employees cannot claim work-from-home expenses without obtaining the form from their employer, although submission of this form does not guarantee that the expenses claimed will be accepted during the income tax return assessment. The Employer is not mandated to complete the form. However, there is an obligation that lies within the agreement and terms the employer and employee made in a written or verbal form.

The CRA's position is 'We would expect employers to complete forms in situations where the employees have reasonable ground to make claims.

The T2200 and TP-64.3-V forms serve as an official declaration that outlines the conditions under which an employee is required to work from home. By completing these forms, employees can be compensated for any additional expenses incurred while working from home.

If an employee's contract of employment requires them to maintain a home office as their regular place of employment, in addition to being part of the contract of employment, **one of the following** criteria must also be met:

- The workspace is where the employee mainly, more than 50% of the time, do their work.

**or**

- They use the workspace only to earn employment income. They also have to use it on a regular and continuous basis.

To qualify under the first option, the employer must be able to validate that the contract of employment requires the employee to work in the home office space 50% or more of their scheduled working hours.

## BOARD OF DIRECTOR'S

For the CRA, considering the 50% of time for 4 consecutive weeks, given periodic board meetings, the company needs to evaluate the 4 consecutive weeks requirement for each scheduled meeting date.

Whether a particular employee/officer satisfies the conditions required to claim a deduction is always a question of fact that must be evaluated on a case-by-case basis based on the relevant facts and circumstances, and we are not able to speak to a specific taxpayer situation. Further, based on the information provided, it is not clear whether the individual would have an eligible period or periods in the year in which a deduction could be claimed, or how the attendance at periodic board meetings factors into this. However, we can provide the following general guidance.

[The Eligibility Criteria – Detailed Method](#) page on the 'Home office expenses for employee's webpage' outlines the various conditions which must be satisfied in order to claim a deduction for home office expenses, one of which states:

*"You worked more than 50% of the time from the workspace in your home for a period of at least 4 consecutive weeks in the year. The period can be longer than a month.*

*If you have more than 1 eligible period during the year, you can claim your expenses for each period."*

For Revenu Québec, expenses claimed for part of the self-contained domestic establishment where the individual resides are eligible only if that office:

- serves as a place where the individual primarily performs the duties of the office or employment; (+50% of the time);
- is used both exclusively to earn income from employment and to meet with clients or other persons on a regular and continuous basis as part of the duties of employment.

As mentioned in brochure IN-118, for an individual to be able to deduct home office expenses, one of the above two conditions listed above must be met.

The second qualifier applies in cases where the employee has established a space that is only used to perform their job. In other words, it is not used by the employee, or their family members, to conduct personal household business, complete homework or for personal recreation. They would also have to demonstrate that they regularly conduct meetings with customers or other business contacts at this location.

The percentage of work-from-home eligibility may depend on each employee's ability to perform employment duties remotely, arrangements such as fully remote or hybrid.

Employers, for example, can calculate the percentage by dividing the number of days a week that employees work from home by the number of working days.

For example, if an employee who is required to work five days per week can work from home three out of the five days, the percentage would be 60%.

Emma works five days per week. Three of those days are spent working from home, and the remaining two are spent visiting various client sites.

That would equal 60%.

**Examples to assist in completing part of question #1 and question #4 ('Has the employee worked more than 50% of the time from the workspace in their home for a period of at least 4 consecutive weeks in the year').**



Melanie works part-time three days per week. Melanie's employer agreed that Melanie would work one day a week from home.



Melanie had an agreement with the employer. However, Melanie did not work 50 percent for a period of four consecutive weeks and, therefore, will not be eligible to claim expenses related to workspace at home.



Greg worked from home from January 1 to April 30, 2024. Greg's employer re-opened the office as of May 1, 2024, and recalled all employees back to the office. Greg voluntarily entered into an agreement to work from home two days per week from May 1 to December 31, 2024.



For 2024, Greg did not have a requirement to work from home as part of an employment contract. However, Greg did voluntarily enter into a telework agreement with the employer.

During the period that the office was closed from January 1 to April 30, 2024, Greg was considered to be required to work from home, so Greg would have satisfied the eligibility criteria.



Selena worked from home from January 1 to January 15, 2024, due to medical reasons. Selena's employer was not able to accommodate a return to office for that period. As of January 16, 2024, Selena agreed to return and work from the office since the employer was able to accommodate Selena's return.



Selena's employer was not able to make required accommodation at the beginning of the year so Selena is considered to have been required to work from home.

Selena did not satisfy the criteria of working from home for four consecutive weeks and will not be eligible to claim expenses related to working from home in January.



Bill is a full -time employee required to work from home under the contract of employment three days a week and two days in the office in 2024.



Bill was required to work from home under the contract more than 50% of the time for a period of four consecutive weeks and will be eligible to claim expenses related to the workspace at home.

## Question #5

*Did you or will you reimburse this employee for any of the expenses mentioned in questions 3 and 4?*

### NOTE:

This applies to **all** reimbursed expenses including supplies, home office, cell phone etc.

*This also included any amounts paid back, charges made to the employee's credit card, and allowances.*

Yes      No

*If yes, enter the amount and type of expenses that you did or will reimburse:*

Amount	Type of expense	Included on T4 slip	
\$		<input type="checkbox"/> Yes	<input type="checkbox"/> No
\$		<input type="checkbox"/> Yes	<input type="checkbox"/> No
\$		<input type="checkbox"/> Yes	<input type="checkbox"/> No

If the employee has received any reimbursement payments, indicate the type of expense, how much was paid, and whether the amount was included on the T4 slip.

For example, if an employee is required to use a personal cellular phone for business purposes and receives a non-accountable taxable allowance paid through payroll, this amount would be included on the employee's T4 slip. The employee may be eligible to claim expenses to obtain a refund of some portion of the income tax deducted from the allowance. The employee would need to substantiate the airtime or data that was used directly in performing their employment duties.

*If the employee only had home office expenses, skip to Part D, "Employer declaration"*

## COMMON EXPENSES AND ELIGIBILITY

### ACCOUNTING AND LEGAL FEES

#### Employees earning commission income

- Accounting fees paid to complete and file income tax return and to collect salary.
- Legal fees paid to collect other amounts that must be reported in employment income.

#### Employees earning a salary

- In some cases, may be able to deduct certain accounting fees (Interpretation Bulletin CRA [IT-99R5](#), Legal and accounting Fees)
- Legal fees paid to collect salary or wages

### ADVERTISING AND PROMOTION

#### Employees earning commission income

- Amounts paid for business cards, promotional gifts and advertisements

## FOOD, BEVERAGES AND ENTERTAINMENT

### Employees earning commission income

- Food and beverage paid as long as the employer required the employee to be away for at least twelve consecutive hours and away from the municipality and the metropolitan area of the employer's location where the employee normally works
- Expenses to entertain clients that include food, beverages, tickets, entrance fees to entertainment or sporting events, tips, cover charges, hospitality suites and the cost of private boxes at sporting facilities
- Revenu Quebec has special rules when claiming the total amount of cultural events:
  - Cost of a subscription to at least three different presentations that take place in Quebec
  - Cost to all or 90% or more of the tickets for a presentation of a cultural event that took place in Quebec

### Employees earning salary

- Travelling expenses including food, beverages, lodging and transportation (bus, train, airplane) but not motor vehicle expenses as long as the eligibility criteria are met:
  - Employee is normally required to work away from the employer's place of business or different places
  - Employee had to pay for travelling expenses outlined in their contract of employment
  - Did not receive a non-taxable allowance (reasonable amount)
  - Employee kept records along with form T2200 completed by the employer

## LODGING

### Employees earning commission income

- Lodging expenses can be deducted if it is a condition of employment that the employee travels away from the employer's place of business and the expenses are paid by the employee

## PARKING

### Employees earning commission income

- Parking expenses related to earning commission income; cannot deduct the cost of parking at the employer's office such as monthly or daily parking fees or traffic tickets such as speeding

### Employees earning salary

- Can be claimed as per the same eligibility criteria as under travelling expenses



## OFFICE SUPPLIES

### Employees earning commission income and salary income

- Items that are used directly while performing employment duties; items not related to workspace at home and not used for other purposes
- Common home office supplies that can be claimed:
  - Paper, pens, pencils, paper clips, notebooks, envelopes, folders, highlighters, postage,
  - Ink cartridges, toner

### Employees earning commission income

- Lease cost for cell phone, tablet, computer, and laptop (only commission employees provided is directly related to earning commission)

## OTHER EXPENSES

### Employees earning commission income and salary income

- A basic service plan can be claimed if the conditions are met:
  - The cost of the plan is reasonable
  - Cost of the plan is reasonably allocated between employment and personal use
  - Ability to present minutes or data used directly while performing employment duties
- Portion of internet services reasonably attributed to employment duties
- Long distance calls work-related (both commission and salary)
- Permits and license fees it required to be able to work
- Training courses taken to upgrade or update skills or maintain qualifications
- Salary or wages paid to an assistant or commission for leads ending in a sale

## WORKSPACE IN HOME EXPENSES

If the eligibility criteria is met portion of eligible expenses can be claimed related to the use of workspace at home

### Expenses that can be claimed

Expense	Salaried Employee	Commission Employee
Electricity	✓	✓
Heat	✓	✓
Water	✓	✓
Utility portion of condominium fees	✓	✓
Maintenance and repairs	✓	✓
Rent	✓	✓
Home Insurance	X	✓
Property tax	X	✓

### Limitation on workspace in home expenses

- Expenses incurred working from home for part of the year can be claimed, not for the full year
- Expenses related to a particular income can be claimed, not from other income
- Amount claimed for expenses cannot be used to create or increase a loss from employment
- Commission employees cannot claim expenses if they exceed the commission income

### What do you need before you start the claim

- Confirm you meet the eligibility criteria to make a claim
- Total size of the workspace
- Total size of the home including the workspace
- Supporting documents of expenses claimed
- Completed and signed form T2200 by the employer

### Type of space while working from home

- Common, shared space, has other purposes besides space to work such as dining room table
- Designated space is used only for work; it is a separate space or room

### Other considerations and steps through the claim process

- Choose preferred measurement units to calculate the size of the designated workspace or room and the total finished area of the home

$$\text{Square feet of designated workspace or room} \div \text{square feet of total finished space} = \%$$

The resulting % is used to on expenses used on expenses claimed for workspace only

- Identify period(s) of time worked from home
- Calculate the total amount paid for eligible expenses for the period(s)

## MOTOR VEHICLE, TRAVEL AND OTHER EXPENSES

### Question #6

*Did you normally require this employee to travel to locations that were not your place of business or between different locations of your place of business, during the course of performing their employment duties?*

Yes      No

*If yes, what was the employee's area of travel (be specific)?*

If the employee was required to travel to different business locations while performing their job responsibilities, indicate "Yes."

Travel does not include commuting from the employee's personal residence to their regular place of work.

If travel is required, describe the geographic region of travel: city or municipality or routine travel throughout a province. The exact route and address of each destination are not required; however, the areas of travel have to be clearly identified.

#### **Note:**

A common mistake employers make is that they indicate 'yes' but fail to provide details of travel.

### Question #7

*Did you require this employee to be away for at least 12 consecutive hours from the municipality and metropolitan area (if there is one) of your business where the employee normally reported for work?*

Yes      No

*If yes, how often?*

If an employee was required to travel to another location in the course of performing their employment responsibilities, did this travel require them to be away for 12 or more hours? If so, answer “Yes.”

Also, indicate how frequently the employee was required to do such travel, for example, weekly, monthly, two or three times per year.

Indicating the frequency of required travel will allow for meals and lodging expenses.

**Note:**

A common mistake employers make is that they indicate ‘yes’ but do not indicate the frequency.

## COMMON EXPENSES AND ELIGIBILITY

### FOOD, BEVERAGES AND ENTERTAINMENT

#### Employees earning commission income

- Food and beverage paid as long as the employer required the employee to be away for at least twelve consecutive hours and away from the municipality and the metropolitan area of the employer’s location where the employee normally works
- Expenses to entertain clients that include food, beverages, tickets, entrance fees to entertainment or sporting events, tips, cover charges, hospitality suites and the cost of private boxes at sporting facilities
- Revenu Quebec has special rules when claiming the total amount of cultural events:
  - Cost of a subscription to at least three different presentations that take place in Quebec
  - Cost to all or 90% or more of the tickets for a presentation of a cultural event that took place in Quebec

#### Employees earning salary

- Travelling expenses including food, beverages, lodging and transportation (bus, train, airplane) but not motor vehicle expenses as long as the eligibility criteria are met:
  - Employee is normally required to work away from the employer’s place of business or different places
  - Employee had to pay for travelling expenses outlined in their contract of employment
  - Did not receive a non-taxable allowance (reasonable amount)
  - Employee kept records along with form T2200 completed by the employer

## LODGING

### Employees earning commission income

- Lodging expenses can be deducted if it is a condition of employment that the employee travels away from the employer's place of business and the expenses are paid by the employee

### Question #8

*Did this employee receive or were they entitled to receive a motor vehicle allowance?*

Yes      No

*If yes, enter:*

- *the amount received as a fixed allowance, such as a flat monthly allowance \$ \_\_\_\_\_*
- *the per kilometre (km) rate used \_\_\_\_\_ (\$/km) and the amount received \$ \_\_\_\_\_*
- *the amount of the allowance that was included on the employee's T4 slip \$ \_\_\_\_\_*

A motor vehicle allowance includes a non-accountable taxable car allowance paid through payroll. Indicate if the employee was paid for kilometres, the rate used per kilometre, and the total amount received for kilometre reimbursement.

An employee is eligible to deduct motor vehicle expenses if all of the following conditions are met:

1. The employees were normally required to work away from the employer's place of business or in different places.
2. Under the contract of employment, the employee had to pay their own motor vehicle expenses. An employee is not considered to have paid their own motor vehicle expenses if the employer provides reimbursement or the employee refuses a reimbursement or reasonable allowance from the employer.
3. The employee did not receive a non-taxable allowance for motor vehicle expenses. An allowance is generally non-taxable when it is based solely on a reasonable per-kilometre rate.
4. The employee has a T2200 form that has been completed and signed by the employer.

In the case of a reasonable non-taxable per-kilometre reimbursement, if the employee can substantiate that their actual employment-related out-of-pocket vehicle expenses are greater than the amount of the non-taxable allowance, they can voluntarily add the non-taxable allowance into their taxable income on their personal tax return and then claim a vehicle expense deduction.

On the T2200 form, indicate the method of providing the vehicle allowance, either a fixed dollar amount or a per-kilometre reimbursement, along with the total amount provided to the employee during the tax reporting year. If you pay a taxable car allowance, indicate the amount that was reported on the employee's T4 slip in Box 14 and under Code 40.

### ALLOWABLE MOTOR VEHICLE EXPENSES

- Employees can deduct motor vehicle expenses used to earn employment income
- Employees earning commission income can deduct motor vehicle expenses as long as they meet the conditions outlined under “employment conditions”
- Employees earning a salary can deduct motor vehicle expenses as long as they meet conditions under the section “Allowable motor vehicle expenses (including capital cost allowance)”
  - > Fuel (gas, propane, oil) and electricity
  - > Maintenance and repairs
  - > Insurance
  - > License and registration fees
  - > Capital cost allowance
  - > Eligible interest paid on a loan to buy a motor vehicle
  - > Eligible leasing costs

### Question #9

*Did this employee have the use of a company vehicle?*                      Yes              No

*Was the employee responsible for any of the expenses incurred for the company vehicle?*

Yes              No

*If yes, enter the amount and type of expenses:*

Amount	Type of expense
\$ <input type="text"/>	<input type="text"/>
\$ <input type="text"/>	<input type="text"/>
\$ <input type="text"/>	<input type="text"/>

If you provide a company-owned or company-leased car for an employee and require the employee to pay for some or all of the operating expenses (fuel, maintenance or licensing), indicate “Yes” and then provide a brief description of the type(s) and amount(s) of the expense(s) the employee paid out of pocket and if the amount was included on a T4 or not.

## Question #10

*Did you require this employee to pay for expenses for which they did or will receive a reimbursement? This includes any amounts paid back, charges made to the employer's credit card, and allowances?*

Yes      No

*If yes, enter the amount and type of expenses that you did or will reimburse:*

Amount	Type of expense	Included on T4 slip
\$ _____	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
\$ _____	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
\$ _____	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No

Consider whether you reimbursed an employee with a taxable allowance through payroll or an expense reimbursement through Accounts Payable, for any type of business-related expenses, such as:

- travel expenses (other than motor vehicle) such as airfares, hotels, parking or taxi fares;
- parking when attending offsite meetings, training or other business activities; or
- business entertainment.

Record the total amount reimbursed and indicate whether it was paid through an expense reimbursement or charged to a credit card. Provide a brief description of the type(s) and amount(s) of the reimbursed expenses.

A non-accountable allowance that is processed through payroll as taxable must be reported on the employee's T4 slip, so indicate "Yes." In the case of a non-taxable expense reimbursement, there is no T4 slip reporting required, therefore indicate "No."

An employee may be eligible to claim a deduction for employment expenses that were reimbursed through a taxable payroll allowance. If the employee can validate the out-of-pocket business expense, they may be eligible for a refund of some portion of the income tax withheld from the taxable allowance.

For example, an employee who receives a taxable travel allowance paid through payroll would be eligible to claim deductions for any reasonable documented business travel expenses such as hotels, airfares or ground transportation that they paid out of pocket.

## Question #11

*Did you require this employee to pay other expenses for which they did not receive any allowance or reimbursement?*      Yes      No

*If yes, enter the type(s) of expense:*

If there are certain business-related expenses the employee is required to incur to perform their employment duties, but for which the employer does not provide an allowance or reimbursement, indicate the type(s) of those expenses. For example, an employee's job responsibilities may require them to travel away from their regular municipality for periods of 12 hours or more but the employer does not provide an allowance or reimbursement for the meals the employee purchases during this time period.

## Questions 12, 13 and 14

These sections relate specifically to employees who are professional tradespeople (e.g., electrician, mechanic or plumber), an apprentice mechanic or someone employed in forestry operations, who may have been required to purchase and/or provide their own tools as a condition of employment.

### TRADESPERSON'S TOOLS EXPENSES

- Following a formula maximum tools deduction for the cost of eligible tools bought in the year can be claimed
- Eligible tool has to meet all of the following criteria:
  - > It is bought to be used in the job and it is not used for any purpose before it was bought
  - > Employer certified it is a condition of employment
  - > It is not an electronic device, like a cell phone or electronic data processing equipment unless it is used only for measuring, calculating and locating

### APPRENTICE MECHANIC TOOLS EXPENSES

- Following a formula a maximum deduction for the cost of eligible tools bought in the year can be claimed



## FORESTRY WORKERS

- Expenses for buying and using a power saw including chain saw or tree trimmer (Revenu Québec references chainsaw or brushcutter) expenses can be claimed if all conditions are met:
  - > Employment is in forestry operations
  - > Named equipment is used to earn employment income
  - > Named equipment was bought under the contract of employment and the employer did not reimburse the employee

## EMPLOYER DECLARATION

Employers are tasked with signing the form and determining the appropriate individual authorized to execute this responsibility.

An authorized representative of the employer should be assigned the responsibility of signing the T2200 form for the employees eligible to receive it. This would be the individual the CRA would contact if there are any questions related to the employee's employment contract, conditions of employment and the amounts reported as reimbursements.

If the employee is asked to send in the form T2200, they would complete the last section by signing their name and providing their home address and social insurance number (SIN).

The CRA will accept an electronic signature on Form T2200.

## QUEBEC EMPLOYEES

Employees in Quebec are required to prepare two personal income tax returns: one filed with the federal government and another filed with the provincial government. Employees hired to perform their employment duties in Quebec who have conditions of employment and deductible employment expenses will also require a signed Form TP.64.3/TP.64.3-V (English version) from their employer.

Details on the eligible employment expenses that may be claimed can be found in the Revenu Québec guide [IN-118-V Employment Expenses](#).

## HOW TO COMPLETE FORM TP-64.3-V

The information reported on Form TP-64.3-V will be the same as the information included on the federal Form T2200. The table below details how the information is transcribed over from Form T2200 to Quebec Form TP-64.3-V.

Form TP-64.3-V	Information to transcribe from Form T2200
Section #1	See Form T2200, Part A
Section #2	See Form T2200, Part B
Question #1	See Form T2200, Question #1
Question #2	See Form T2200, Question #1
Question #3	See Form T2200, Part A
Question #4	See Form T2200, Question #2
Question #5	See Form T2200, Question #8
Question #6	See Form T2200, Question #10
Question #7	See Form T2200, Question #3
Question #8	See Form T2200, Question #6
Question #9	See Form T2200, Question #7
Question #10	See Form T2200, Question #8
Question #11	See Form T2200, Question #8
Question #12	See Form T2200, Question #4
Question #13	See Form T2200, Question #3
Question #14	See Form T2200, Question #3
Question #15	See Form T2200, Question #5
Question #16	See Form T2200, Question #5
Question #17	See Form T2200, Question #11

# T2200 FORM

## Supplies, expenses related to an office, or home office (continued)

Protected B when completed

4. Did you require the employee to use a part of their home for work? ☐ Yes ☐ No

**Note:** This does not have to be part of the employee's employment contract, and may be a written or verbal agreement between you and your employee.

If **yes**, answer the following 2 questions:

Has the employee worked more than 50% of the time from the work space in their home for a period of at least 4 consecutive weeks in the year? ☐ Yes ☐ No

Has the employee used the work space in their home regularly and continually for **in-person** meetings with clients or other people while doing their work? ☐ Yes ☐ No

5. Did you or will you reimburse this employee for any of the expenses mentioned in questions 3 and 4? ☐ Yes ☐ No  
**Note:** This applies to **all** reimbursed expenses including supplies, home office, cell phone, etc. This also includes any amounts paid back, charges made to the employer's credit card, and allowances.

If **yes**, enter the amount and type of expenses that you did or will reimburse:

Amount	Type of expense	Included on T4 slip
\$ _____	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
\$ _____	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
\$ _____	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No

**If the employee only had home office expenses, skip to Part D, "Employer declaration".**

## Motor vehicle, travel and other expenses

6. Did you normally require this employee to travel to locations that were not your place of business or between different locations of your places of business, during the course of performing their employment duties? ☐ Yes ☐ No

If **yes**, what was the employee's area of travel (be specific)?

7. Did you require this employee to be away for at least 12 **consecutive** hours from the municipality and metropolitan area (if there is one) of your business where the employee normally reported for work? ☐ Yes ☐ No

If **yes**, how often? \_\_\_\_\_

8. Did this employee receive or were they entitled to receive a motor vehicle allowance? ☐ Yes ☐ No

If **yes**, enter:

- the amount received as a fixed allowance, such as a flat monthly allowance \$ \_\_\_\_\_
- the per kilometre (km) rate used \_\_\_\_\_ (\$/km) and the amount received \$ \_\_\_\_\_
- the amount of the allowance that was included on the employee's T4 slip \$ \_\_\_\_\_

9. Did this employee have the use of a company vehicle? ☐ Yes ☐ No

Was the employee responsible for any of the expenses incurred for the company vehicle? ☐ Yes ☐ No

If **yes**, enter the amount and type of expenses:

Amount	Type of expense
\$ _____	_____
\$ _____	_____
\$ _____	_____

**Supplies, expenses related to an office, or home office (continued)****Protected B** when completed

4. Did you require the employee to use a part of their home for work? ☐ Yes ☐ No

**Note:** This does not have to be part of the employee's employment contract, and may be a written or verbal agreement between you and your employee.

If **yes**, answer the following 2 questions:

Has the employee worked more than 50% of the time from the work space in their home for a period of at least 4 consecutive weeks in the year?

☐ Yes ☐ No

Has the employee used the work space in their home regularly and continually for **in-person** meetings with clients or other people while doing their work?

☐ Yes ☐ No

5. Did you or will you reimburse this employee for any of the expenses mentioned in questions 3 and 4?

**Note:** This applies to **all** reimbursed expenses including supplies, home office, cell phone, etc. This also includes any amounts paid back, charges made to the employer's credit card, and allowances.

☐ Yes ☐ No

If **yes**, enter the amount and type of expenses that you did or will reimburse:

Amount	Type of expense	Included on T4 slip
\$ _____	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
\$ _____	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
\$ _____	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No

**If the employee only had home office expenses, skip to Part D, "Employer declaration".**

**Motor vehicle, travel and other expenses**

6. Did you normally require this employee to travel to locations that were not your place of business or between different locations of your places of business, during the course of performing their employment duties? ☐ Yes ☐ No

If **yes**, what was the employee's area of travel (be specific)?

7. Did you require this employee to be away for at least 12 **consecutive** hours from the municipality and metropolitan area (if there is one) of your business where the employee normally reported for work? ☐ Yes ☐ No

If **yes**, how often? \_\_\_\_\_

8. Did this employee receive or were they entitled to receive a motor vehicle allowance? ☐ Yes ☐ No

If **yes**, enter:

- the amount received as a fixed allowance, such as a flat monthly allowance \$ \_\_\_\_\_
- the per kilometre (km) rate used \_\_\_\_\_ (\$/km) and the amount received \$ \_\_\_\_\_
- the amount of the allowance that was included on the employee's T4 slip \$ \_\_\_\_\_

9. Did this employee have the use of a company vehicle? ☐ Yes ☐ No

Was the employee responsible for any of the expenses incurred for the company vehicle? ☐ Yes ☐ No

If **yes**, enter the amount and type of expenses:

Amount	Type of expense
\$ _____	_____
\$ _____	_____
\$ _____	_____

**Motor vehicle, travel and Other expenses (continued)**

10. Did you require this employee to pay for expenses for which they **did** or **will** receive a reimbursement? This includes any amounts paid back, charges made to the employer's credit card, and allowances. ☐ Yes ☐ No

If **yes**, enter the amount and type of expenses that you did or will reimburse:

Amount	Type of expense	Included on T4 slip
\$ _____	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
\$ _____	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
\$ _____	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No

11. Did you require this employee to pay other expenses for which they did **not** receive any allowance or reimbursement? ☐ Yes ☐ No

If **yes**, enter the type(s) of expenses:

**Employed tradespersons and employees working in forestry operations**

12. Did this employee work for you as a tradesperson? ☐ Yes ☐ No

If **yes**, did you require this employee, as a condition of employment, to buy and provide tools that were used directly in their work? ☐ Yes ☐ No

If **yes**, do all of the tools on the list given to you by the employee satisfy this condition? ☐ Yes ☐ No

**Please sign and date the list.**

13. Did this employee work for you as an apprentice mechanic? ☐ Yes ☐ No

If **yes**, was this employee registered in a program established under the laws of Canada, or of a province or territory, that leads to a designation under those laws as a mechanic licensed to repair self-propelled motorized vehicles? ☐ Yes ☐ No

Did you require this apprentice mechanic, as a condition of employment, to buy and provide tools that were used directly in their work? ☐ Yes ☐ No

If **yes**, do all of the tools on the list given to you by the employee satisfy this condition? ☐ Yes ☐ No

**Please sign and date the list.**

14. Did this employee work for you in forestry operations? ☐ Yes ☐ No

Did you require the employee, as a condition of employment, to provide a power saw (including a chain saw or tree trimmer)? ☐ Yes ☐ No

**Part D – Employer declaration**

I certify that the information given on this form is, to the best of my knowledge, correct and complete.

**Note:** Enter the name and telephone number of the authorized person in case the CRA needs to call to verify information.

Name of authorized person	Title of authorized person
ext.	
Date	Telephone number
	Signature of authorized person *

\* The CRA will accept an electronic signature if it is applied in accordance with the guidance specified by the CRA.

**Part E – Employee**

The employee has to complete this section if the CRA asks the employee to send in this form.

Name of employee	Social insurance number	Date
Home address		

See the privacy notice on your return.

**REVENU  
QUÉBEC**

## General Employment Conditions

Taxation year 

Last name	First name	Social insurance number

Name of employer	Identification number	File
Address		T, Q
Contact person	Area code	Postal code
	Phone	

2. Employee's period of employment: ..... from 

Y	V	V	V	V	M	M	D	D	

 to 

Y	V	V	V	V	M	M	D	D	

3. Employee's title or position: \_\_\_\_\_

(a) Amount of remuneration received: ..... \$ | |

(b) Type of property sold or contracts negotiated: \_\_\_\_\_

5. Did the employee receive a per-kilometre allowance? ..... ☐ Yes ☐ No

If **yes**, provide the following information:

(a) Rate per kilometre: ..... /km

(b) Total number of kilometres travelled: ..... km

(c) Total allowance:..... \$                     

(d) Portion of that amount included in box A of the employee's RL-1 slip: ..... \$                     

(e) If the allowance does not cover all the kilometres travelled for the employment,

indicate the types of trips covered by the allowance: \_\_\_\_\_



Prescribed form

6. Did the employee receive an expense allowance or expense reimbursement? ..... ☐ Yes ☐ No

If **yes**, enter the amounts the employee received and the portion of these amounts included in box A of the employee's RL-1 slip:

	Allowance	Reimbursement	Portion included in box A of the RL-1 slip
(a) Motor-vehicle expenses: .....	\$	\$	\$
(b) Travel expenses: .....	\$	\$	\$
(c) Other expenses. Specify: .....	\$	\$	\$

7. Was the employee entitled to be reimbursed for expenses related to office rent, the salary or wages of an assistant or substitute, or supplies used directly in carrying out their duties? ..... ☐ Yes ☐ No

If you paid amounts related to such expenses, provide the following information:

- (a) Type of expenses paid: .....
- (b) Amount of expenses paid: ..... \$
- (c) Portion of this amount included in box A of the employee's RL-1 slip: ..... \$

### 3.3 Motor-vehicle expenses and travel expenses

8. Was the employee required to perform some or all of their duties away from your place of business, or at various locations? ..... ☐ Yes ☐ No

If **yes**, provide the following information:

- (a) Percentage of work hours spent at your place of business: ..... %
- (b) Percentage of work hours spent at customers' premises or on the road: ..... %
- (c) Percentage of work hours spent at the employee's home: ..... %

9. Did the employee's duties require them to spend at least 12 consecutive hours away from the municipality or metropolitan area where your place of business (to which the employee ordinarily reported for work) is located? ..... ☐ Yes ☐ No

If **yes**, where was the employee required to perform their duties? .....

10. Was the employee required to supply a motor vehicle? ..... ☐ Yes ☐ No

11. Under the employment contract, was the employee required to incur travel or motor-vehicle expenses? ..... ☐ Yes ☐ No

If **yes**, provide particulars: .....

### 3.4 Cost of supplies, expenses related to an office in the home and other expenses

12. Under the employment contract, was the employee required to purchase supplies used directly in carrying out their duties? ..... ☐ Yes ☐ No

If **yes**, provide particulars: .....

13. Under the employment contract, was the employee required to pay salary or wages to an assistant or substitute? ..... ☐ Yes ☐ No

14. Did the employee have an office at your place of business? ..... ☐ Yes ☐ No

15. Under the employment contract, was the employee required to maintain an office outside your place of business? ..... ☐ Yes ☐ No

If **yes**, and if the employee maintained the office in their home, check the appropriate box or boxes.

- ☐ The employee performed their duties primarily (more than 50%) at that office.
- ☐ The employee used that office exclusively to earn employment income, and to meet clients or other people on a regular and ongoing basis in the normal course of their duties.

16. Under the employment contract, was the employee required to incur **other expenses** not mentioned in this form? ..... ☐ Yes ☐ No

If **yes**, provide particulars: .....



12PL ZZ 49508076

### 3.5 Expenses of a sharesperson

17. If the employee is a sharesperson or a sharesperson's helper, were they required under the employment contract to incur or contribute to certain expenses? ..... ☐ Yes ☐ No

If **yes**, provide particulars: \_\_\_\_\_

### 4 Certification by the employer

I certify that all the information provided in this form is accurate and complete.

\_\_\_\_\_  
Signature of employer or authorized person

\_\_\_\_\_  
Title or position

\_\_\_\_\_  
Date



12PL ZZ 49508076



# ACKNOWLEDGEMENTS

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Klea Jokic, PLP

Irena Stoyanova, PLP

Manon Amiot, PLP

Lynne Yryku

Laura Angelo, PLP



**National Payroll Institute**

1500S - 175 Bloor St East, Toronto, Ontario M4W 3R8  
416.487.3380 | 1.800.387.4693

**payroll.ca**