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# Government Announces the 2025 Automobile Deduction Limits and Expense Benefit Rates for Businesses

From: [Department of Finance Canada](#)

## News release

**December 30, 2024 - Ottawa, Ontario - Department of Finance Canada**

Today, the Department of Finance Canada announced the automobile income tax deduction limits and expense benefit rates that will apply in 2025.

The following changes to limits and rates will be taking effect as of January 1, 2025:

- The ceiling for capital cost allowances (CCA) for Class 10.1 passenger vehicles will be increased from \$37,000 to \$38,000, before tax, in respect of vehicles (new and used) acquired on or after January 1, 2025.
- Deductible leasing costs will be increased from \$1,050 to \$1,100 per month, before tax, for new leases entered into on or after January 1, 2025.
- The limit on the deduction of tax-exempt allowances paid by employers to employees who use their personal vehicle for business purposes in the provinces will increase by two cents to 72 cents per kilometre for the first 5,000 kilometres driven, and to 66 cents for each additional kilometre. For the territories, the limit will also increase by two cents to 76 cents per

kilometre for the first 5,000 kilometres driven, and to 70 cents for each additional kilometre.

- The general prescribed rate used to determine the taxable benefit of employees relating to the personal portion of automobile expenses paid by their employers will increase by one cent to 34 cents per kilometre for 2025. For people who are employed principally in selling or leasing automobiles, the rate used to determine the employee's taxable benefit will also increase by one cent to 31 cents per kilometre for 2025.

The ceiling for CCA for Class 54 zero-emission passenger vehicles (\$61,000, before tax, in respect of new and used vehicles) will remain the same for 2025, as this limit continues to be appropriate.

The maximum allowable interest deduction will remain the same at \$350 per month for new automobile loans entered into on or after January 1, 2025, as this rate continues to be appropriate.

## Quick facts

- Eligible zero-emission passenger vehicles include plug-in hybrids with a battery capacity of at least 7 kWh and vehicles that are fully electric or fully powered by hydrogen.

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### Date modified:

2024-12-30