### **FINANCIAL**connection

## **MoneySaver**

Canadian MoneySaver magazine has provided Canadians with balanced insight into personal-finance issues since 1981. Through an exclusive arrangement with The Costco Connection, Canadian MoneySaver's experts provide Costco members with answers to their questions about financial issues.

### Medical-travel expense tips

Medical deductions

If medical treatment is not available in my hometown and I have to travel approximately 76 kilometres for such treatment, is this expense eligible to be claimed as a travel expense for medical treatment and, therefore, eligible for income tax purposes?

—F.F., Calgary, AB

If medical treatment is not available to you within 40 kilometres of your home, you can claim the cost of travelling to get the treatment somewhere else. You can choose the simplified method for your claim, which is 48 cents per kilometre for the 2007 tax year, or the detailed method, meaning you keep all travel

receipts. If you had to travel at least 80 kilometres from your home, you can deduct accommodation and meal expenses at cost or at the simplified meal rate of \$17 per meal for up to three meals per day, in addition to your travelling expenses.

> —Neel Roberts, Tax Consultant PTC Canada, Calgary, AB

I work for a U.S. company as one of three employees in Canada. As a consequence I am paid in U.S. dollars. Our company insists that the CRA

# Personal finance **questions?**

Send to: *Canadian MoneySaver, The Costco Connection* **Q&A**, **Box 370**, **Bath**, **ON KOH 1GO**. Or e-mail to: *questions@ canadianmoneysaver.ca* (please include "*The Costco Connection* **Q&A**" in the subject line).

Canadian MoneySaver will answer selected questions in this bimonthly column. Unpublished questions may be answered on the Canadian MoneySaver Web site at www.canadianmoneysaver.ca. Click on "Ask the Experts Q&A." Free on-line current issues of Canadian MoneySaver are available at their Web site. The opinions of the experts may not apply to Quebec residents. requires my T4 be in Canadian dollars. My company uses the average exchange rate published by

the Bank of Canada. My income is back-end loaded, and with the upward swing in the value of the Canadian dollar what I actually receive in Canadian dollars after exchange is about \$5,000 less than what my T4 states. Is there a mechanism to deduct this loss?

As a side note, my company says that the CRA sends a request

for additional funds at the end of every year as the conversion rate used on my T4 gives a higher amount of taxes remitted on my behalf than what the CRnA actually gets. My company is resistant tousing any other method to calcu-

late my T4. The bulk of my income is from commissions, so I am able to deduct expenses.

ARTVILLE

—A.S., Ottawa, ON

This is a tough situation. Your company is correct in that a T4 must be issued to you as a Canadian resident/employee. However, the general rule on exchange rates is that your company must use a method that most accurately reflects your income. This doesn't appear to be the case, as your company is using an annual average rate of return that, because of the rise of the Canadian loonie in relation to the U.S. dollar, has affected you negatively. On the other hand, this will benefit you if the exchange rate were to decline to record lows of 62 cents as it did in early 2002. It appears your company is assuming it will all average out at the end.

A more accurate method, one that would require more work, would be to use the exchange rate on the day you are paid. I am not aware of any precedent or a CRA "Interpretation Bulletin" issued for deducting a loss of this type on wage income on Canadian individual returns. It is interesting to note that your company is remitting your payroll taxes throughout the year at the prevailing exchange rate at that time, then causing themselves more work by having to remit additional taxes to the CRA to reconcile with your T4 slip. It seems to me that it is a methodological problem that your employer needs to resolve.

> —Brian Wruk, Financial Planner Gilbert, AZ

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