# Revision History

<table>
<thead>
<tr>
<th>Date</th>
<th>Revision Notes / Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>29-Apr-2019</td>
<td>Added different factor rates for “Allowances” and updated Mileage</td>
</tr>
<tr>
<td>03-Aug-2018</td>
<td>Reviewed for accuracy &amp; minor cosmetic changes</td>
</tr>
<tr>
<td>01-Nov-2016</td>
<td>Updated Actual Descriptions re: Airfare and Hotel</td>
</tr>
<tr>
<td>01-Jan-2015</td>
<td>Updated Personal Car Mileage Rates</td>
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</table>
Updates

Rates and/or regulatory requirements provided as part of the Templates are not guaranteed to be up to date, so any information provided should always be verified by the customer against the current government regulations. Updates are applied through on-going partnership with in-country Concur product marketing teams, liaison with implementing customers, and through collaboration across the various Concur implementation teams deploying in these countries.

The timing of updates can vary by country and feature. For example, certain countries provide regular annual updates to statutory travel allowance and mileage rates, while the rates in other countries are less frequently updated. VAT rate updates are typically less frequent or predictable and can occur at any time and are quite often dependent on broader economic situations. Tax authorities do however typically provide advanced warning where VAT rate or rule changes come into effect to allow businesses time to prepare.

Every effort is made to ensure that where updates are known to Concur that these are applied to the latest version of the template in a timely fashion. Where updates have been applied these will be reflected in any available template documentation.

Disclaimer

The Concur Global Template consists of Expense configurations designed to support the most commonly known configuration and statutory requirements for supporting T&E best practices. The system includes support for specific statutory requirements based on our understanding of “common interpretation” gathered from our experience of in-country legislation through the deployment of Concur into this market. The Country Template represented in this guide is intended to provide customers with a starting point to aid in the deployment of their T&E solution and should in no way be construed as tax or compliance advice for your business. The template configuration may need to be adjusted to match the requirements of your business, and any legal or statutory requirements should be confirmed with your company’s tax accounting and/or compliance departments before being authorized for configuration into your Concur Expense system.
Table of Contents

Best Practice VAT Configuration Options .......................................................... 5
Tax Landscape ...................................................................................................... 5
VAT Considerations ............................................................................................ 6
Expense Types with Special VAT Handling ....................................................... 7
Airfare .................................................................................................................. 7
Hotel .................................................................................................................... 8
Personal Car Mileage .......................................................................................... 8
Exclusions ........................................................................................................... 8
Expense Types Not Activated ............................................................................. 9
Travel Allowance ............................................................................................... 10
Common Practice ............................................................................................... 10
Mileage Rates .................................................................................................... 11
Personal Car Mileage ......................................................................................... 11
Company Car Mileage ....................................................................................... 11
Best Practice VAT Configuration Options

Tax Landscape

There are different tax structures across Canada. The tax structures can be defined at the state or provincial level. Expenses incurred within a province will be subject to either the Federal GST only, The Federal GST plus a Province Sales Tax (PST) or a single Harmonized Sales Tax (HST) which is essentially a consolidation of the Federal GST and the local Provincial Sales Tax.

- Provincial Sales Taxes are not implemented as a Value Added Tax – with the exception of the Quebec Sales Tax (QST). This means; with the exception of Quebec Sales Tax, all other Provincial Sales Taxes are not reclaimable.

- The following chart illustrates the different taxes that are applicable to the majority of T&E expenses within each province.

- For provinces that implement an HST tax; the HST tax rates are not consistent as HST represents the Federal GST plus the province specific PST.

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<thead>
<tr>
<th>Province</th>
<th>has Provincial Sales Tax?</th>
<th>Reclaimable VAT?</th>
<th>has GST?</th>
<th>Reclaimable VAT?</th>
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</table>

*RITC in Ontario was phased out effective 07/30/2018*
VAT Considerations

The intention is to pre-configure the VAT within the Template environment using pre-configured elements to support the statutory VAT requirements in Canada. This will assist with ensuring that users enter the correct information before auditing to ensure compliance with the tax regulations for reclaiming VAT.

Concur will provide recommended best practices for configuring the environment for Canada based on the following 2 models:

- Concur Expense supports two methods of VAT reclaim calculation that are generally accepted within Canada;
  1. The factor-based reclaim calculation method
  2. The exact or actual amount paid method

- Historically, the factor-based method is more common and given the significant configuration differences between the methods. The factor-based method is configured by default within the global template.

- The exact or actual amount paid method places additional responsibility on the end-user to ensure that the tax amount calculated (and in some cases manually entered) is accurate. In cases such as airfare and hotel expenses, the end-user is required to enter the actual VAT tax amounts that were incurred. This is due to inconsistent national and regional taxes that are applicable to these expense types.

- Two (2) receipt types are typically requested by the Canadian Corporate Customer; Receipt and No Receipt. The 3rd receipt type option; a Tax Receipt, is available and can be easily activated but is rarely elected.

- Tax Configuration Practices
  - When configuring for the factor-based reclaim calculation method it is not unusual to NOT setup non-reclaimable taxes (Provincial Sales Tax or PST). The non-reclaimable taxes result in zero-dollar tax reclaim lines in the accounting extract which some customers prefer to eliminate.
Expense Types with Special VAT Handling

Special VAT conditions and data entry requirements for which we include special pre-configured tax handling in the template system: Note that each expense type requiring special tax handling will have different special handling for each reclaim calculation method.

Airfare

VAT is only applicable on Airfare expenses where the destination is domestic, and the ticket is purchased within Canada. Even if the City of Purchase selected by the user is within Canada, if the trip is overseas (International) then no VAT is applied.

Factor-Based Method:

In order to assist in providing the necessary information to calculate VAT on Airfare the user will be required to select from the following options in a drop-down field:

- Domestic Trip
- International (No VAT)
- Trans-Border (Canada-US)
  This 3rd option is available for those Canadian customers that require Concur Expense to calculate a reduced or “GST only” tax reclaim for air travel with US destinations that originate in Canada.

Based on the selection of the value the system will calculate the VAT. Based on the selection of the Receipt Status the system will calculate whether the VAT is reclaimable.

Exact / Actual Tax Amount Method:

Because of the regulations around domestic, international, trans-border and the city of purchase - for clients that are using “Actual” calculations in lieu of retractions, end-users will be required to enter the appropriate VAT tax paid amount using itemization. The IPM/Functional Consultant will be required to configure expense types for each reclaimable VAT tax authority and place them in a 100% reclaimable Tax & Reclaim Group. The Airfare Expense type should not be included in a Tax & Reclaim group as the actual VAT amount will be entered by the end user.
Hotel

Due to inconsistent application of regional taxes and fees that are applicable to Canadian Hotel room charges, both the Factor-based and Exact Amount methods are configured with special attribute settings to simplify the user experience and facilitate accurate tax amount calculation or declaration to support VAT reclaim.

**Factor-Based Method:**

Set the Policy action to always combine room rate and room tax into a single entry. This will ensure that the room rate and all taxes will be combined to maximize the allowable VAT reclaim amount.

**Exact / Actual Tax Amount Method:**

The IPM/Functional Consultant will be required to NOT add Hotel/Lodging and/or Hotel/Lodging Tax to a tax expense group but instead to configure all reclaimable VAT taxes as 100% tax expense types; GST, the various tax authority HST taxes and QST if applicable. This will dynamically display the appropriate tax fields (based on city location) in the Itemization Wizard form. Users must manually enter the tax amount into the wizard from their hotel folio.

Personal Car Mileage

Regardless of the VAT reclaim calculation method, VAT reclaim for Personal Car Mileage is calculated based on the Employee “HOME” Province. This places the Car Mileage under the appropriate tax authority / tax structure. The State/Province field on the employee profile must be populated before the VAT reclaim calculation will be performed.

**Special Factor Rate for Mileage/Allowances:**

The published factor rates are slightly higher for expense types that are considered “allowances”. As Personal Car Mileage is considered an “allowance” – the rate “XF Standard Mileage/Allowance” is applied. (This same rate can also be used for per diems if applicable)

Exclusions

Special VAT conditions for which it is suggested we do not include special tax handling conditions.

None at this time
Expense Types Not Activated

The following are a list of standard Expense Types not activated for Canada:

- Ex Pat Expenses
- Medical fees
- Non-Reimbursable Expense
- Relocation Expenses

Customers who wish to activate these expense types must request this via their Readiness Consultant or Implementation Project Manager.
Travel Allowance

Common Practice

In Canada there are no statutory per-diem rates provided by the Government. Best practice is for employees to reclaim actual expenses.

**NOTE:** *If customers wish to deploy a Company Specific Travel Allowance, this will require working with your Concur Implementation Consultant to scope the additional configuration work required.*
Mileage Rates

Personal Car Mileage

Personal Car Mileage in Canada is pre-configured with the following rates:

<table>
<thead>
<tr>
<th>Vehicle Type</th>
<th>First 5,000 Business Miles</th>
<th>Each Mile Over 5,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Car</td>
<td>0.58</td>
<td>0.52</td>
</tr>
<tr>
<td>NW – Yukon/Nunavut Car</td>
<td>0.62</td>
<td>0.56</td>
</tr>
</tbody>
</table>

Last Updated: January 1st, 2019

Company Car Mileage

No statutory Company Car Mileage rates are configured as part of the Global Template for Canada.