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Municipal officer's expense allowance

A municipal corporation or board may pay a non-accountable expense allowance to an elected officer to perform the duties of that office.

If the expense allowance is **more than one-third** of the officer's salary and allowances, the excess amount is a taxable benefit. Enter it in box 14, "Employment income," and in the "Other information" area under code **40** at the bottom of the employee's T4 slip.

If the expense allowance is **not more than one-third** of the officer's salary and allowances **do not** include this amount in box 14, "Employment income," or in the "Other information" area under code **40** at the bottom of the employee's T4 slip.

In either of the above situations, you have to identify the non-taxable share of the allowance by entering the corresponding amount in the "Other information" area under code **70** at the bottom of the employee's T4 slip.

For more information, see [Interpretation Bulletin IT292, Taxation of Elected Officers of Incorporated Municipalities, School Boards, Municipal Commissions and Similar Bodies](#).

Note

For 2019 and later tax years, non-accountable allowances paid to elected officers will be included in their income. This change was stated in the 2017 federal budget, which received royal assent on June 22, 2017 (Bill C 44).

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