

Tax implications guide on relocation benefits for military personnel

As military personnel, you are eligible for relocation benefits that may be taxable. This information is intended to help you understand which relocation benefits are deemed taxable by Canada Revenue Agency (CRA). This information is meant as a guide only and does not supersede CRA regulations.

What you are eligible or not eligible to claim on your personal income tax return will depend upon your particular circumstances and members should refer to CRA regulations for confirmation.

For the official CRA regulations please refer to the [Moving expenses and relocation benefits section on Canada.ca.](#)

You may access a CRA move expenses claim form (T1-M Moving Expenses Deduction Form) and additional information pertaining to Line 219 on your income tax return by visiting the link to [Line 219 – Moving Expenses.](#)

Taxable or Non-taxable benefit:

According to CRA, taxpayers are generally taxed on the value of all benefits they receive by virtue of their employment, other than certain items that have been excluded from taxation. The taxable benefits received from your employer due to a relocation will appear on your T4/RL1. For example, if you receive \$1000 worth of taxable benefits, then you will be responsible to pay taxes on this amount at your marginal tax rate as if it were additional income.

For the most part, relocation benefits are not taxable as they are deemed a condition of employment. For any benefits that are not taxable as per CRA, you will simply receive these funds from your employer and they will not be included on your T4/RL1 slip.

CRA regulations stipulate that in order to receive a non-taxable benefit from your employer for relocation expenses:

- your replacement residence must be at least 40 kilometers closer* (by using the shortest, direct, public route) to your new place of duty than your original residence was; and
- your employer must collect the required documentation to support any amounts paid to you.

** Relocations that do not meet the “40 km rule” in the first bullet above but fall under article 1.1.03, “Eligibility Application” in the [CF IRP Directive](#) are entitled to receive non-taxable benefits under that directive.*

Deductible or Non-deductible benefit:

In some cases, you may incur expenses during your relocation that are not paid or reimbursed to you by your employer. Some of these expenses may be considered by CRA to be eligible for a tax deduction. If eligible, the expense may be deducted from your employment income by way of a Form T1-M attached to your personal income tax return.

In general, only moves within Canada are eligible unless the individual making the foreign move is still considered to be Canadian resident.



Benefits Tables:

The following tables are intended to show you which Canadian Forces Integrated Relocation Program Directive ([CF IRP](#)) benefits are taxable and non-taxable. The tables also list which benefits that if not reimbursed by your employer, may qualify as a deduction on your personal income tax return.

For example, if you are eligible to receive a benefit that is reimbursable from your Custom/Personalized fund but your funding envelope is not large enough to cover the full amount, this expense may be “deductible” as indicated and the T1-M form may be added to your Income Tax return.

DESCRIPTION	EMPLOYER REIMBURSED		NOT REIMBURSED	
	TAXABLE <small>Note 22</small>	NON TAXABLE	DEDUCTIBLE <small>(Personal Income Tax Return)</small>	NON DEDUCTIBLE
ADMINISTRATIVE				
Non-accountable Incidentals – maximum \$650 Note 1		✓		✓
Personalized Cash Payout	✓			✓
Posting Allowance	✓			✓
HOUSE HUNTING TRIP (HHT)				
HHT – Car Rental		✓		✓
HHT – Flight change fees		✓		✓
HHT – Dependent care		✓		✓
HHT – Destination Marketing Fee (DMF) Lodging		✓		✓
HHT – Excess baggage		✓		✓
HHT – Ferries/Parking/Road Tolls		✓		✓
HHT – Gas Expenses		✓		✓
HHT – Incidental allowance		✓		✓
HHT – Local Commercial Transport		✓		✓
HHT – Lodging Commercial		✓		✓
HHT – Lodging Private/RV		✓		✓
HHT – Meal allowance		✓		✓
HHT – Meal allowance dependants		✓		✓
HHT – Mileage Note 2		✓		✓
HHT – Mileage to/from Commercial Transportation Note 2		✓		✓
HHT – Pet boarding		✓		✓
HHT – Phone/Fax/Internet		✓		✓
HHT – Transportation – Commercial Air/Boat/Bus		✓		✓
HHT – Transportation dependants		✓		✓
DESTINATION INSPECTION TRIP (DIT)				
DIT – Car Rental		✓		✓
DIT – Dependant care		✓		✓
DIT – Destination Marketing Fee		✓		✓
DIT – Excess baggage		✓		✓
DIT – Ferries		✓		✓

DESCRIPTION	EMPLOYER REIMBURSED		NOT REIMBURSED	
	TAXABLE	NON TAXABLE	DEDUCTIBLE (Personal Income Tax Return)	NON DEDUCTIBLE
DESTINATION INSPECTION TRIP (DIT)				
DIT – Gas Expenses		✓		✓
DIT – Incidental allowance		✓		✓
DIT – Local Commercial Transportation		✓		✓
DIT – Lodging Commercial		✓		✓
DIT – Lodging dependants		✓		✓
DIT – Lodging Private/RV		✓		✓
DIT – Meal allowance dependants		✓		✓
DIT – Meal allowance		✓		✓
DIT – Mileage to Commercial Transportation Note 2		✓		✓
DIT – Parking		✓		✓
DIT – Pet boarding		✓		✓
DIT – Phone/Fax/Internet		✓		✓
DIT – PMV Mileage Note 2		✓		✓
DIT – Road Tolls		✓		✓
DIT – Transportation Air		✓		✓
DIT – Transportation Bus		✓		✓
DIT – Transportation Dependants		✓		✓
SPOUSAL EMPLOYMENT SERVICES				
Spousal Services – Car Rental	✓			✓
Spousal Services – Copy/Transmittal	✓			✓
Spousal Services – CV/Resume Preparation	✓			✓
Spousal Services – Gas	✓			✓
Spousal Services – Incidental allowance	✓			✓
Spousal Services – Commercial Lodging & DMF	✓			✓
Spousal Services – Lodging Private	✓			✓
Spousal Services – Meal allowance / Meals	✓			✓
Spousal Services – Mileage Note 2	✓			✓
Spousal Services – Ferry/Parking/Road Tolls	✓			✓
Spousal Services – Commercial Transportation	✓			✓
DESTINATION RENTAL				
Cleaning at Destination – Renter	✓			✓
Credit verification		✓		✓
Rent in advance		✓		✓
Rental Agency Finding Fees – Inside Canada		✓		✓



DESCRIPTION	EMPLOYER REIMBURSED		NOT REIMBURSED	
	TAXABLE	NON TAXABLE	DEDUCTIBLE (Personal Income Tax Return)	NON DEDUCTIBLE
DISPOSAL OF RENTAL UNIT				
Cleaning at Origin – Renter	✓			✓
Lease liability Note 3		✓	✓	
HOME SALE				
Appraisal Fee		✓	✓	
Attending/Power of Attorney – Sale		✓	✓	
Capital Improvement Note 9	✓	✓		✓
Cleaning at Origin		✓		✓
Fees to courier documents for Sale		✓	✓	
Equity Loss Note 9	✓	✓		✓
Home Inspection Fee – Home Sale Note 8		✓	✓	
Specialized inspection – Sale Note 8		✓	✓	
Home Staging – Sale		✓	✓	
Land Titles Conversion – Sale		✓	✓	
Legal Disbursements – Sale		✓	✓	
Legal Fee – Sale		✓	✓	
Legal Fee over Pre-Negotiated Rates – Quebec – Sale		✓	✓	
Marketing Incentive Note 10	✓			✓
Mortgage Discharge Consultation Fee		✓	✓	
Mortgage Discharge Fee		✓	✓	
Mortgage Early Repayment Penalty		✓	✓	
Private Sale Expenses		✓	✓	
Real Estate Commission		✓	✓	
Real Estate Incentive	✓			✓
Survey/Certification of Location – Sale		✓	✓	
HOME PURCHASE (Replacement Residence)				
Attending/Power of Attorney – Purchase		✓	✓	
Bridge Financing / Short Term Loan Interest	✓			✓
Cleaning at Destination	✓			✓
Home Inspection Fee – Purchase	✓			✓
Specialized inspection – Purchase	✓			✓
Well/Water Potability Test	✓			✓
Interest on Home Relocation Loan Note 4	✓		✓	
Labour for Altering Locks		✓		✓
Legal Disbursements – Purchase		✓	✓	
Legal Fee – Purchase Note 17		✓	✓	
Mortgage appraisal fee	✓			✓
Mortgage Default Insurance – Application Fee	✓			✓

DESCRIPTION	EMPLOYER REIMBURSED		NOT REIMBURSED	
	TAXABLE	NON TAXABLE	DEDUCTIBLE (Personal Income Tax Return)	NON DEDUCTIBLE
HOME PURCHASE (Replacement Residence)				
Mortgage Default Insurance – Premium	✓			✓
Mortgage Interest Buy down Note 5	✓			✓
Mortgage Interest Rate Differential – Purchase Note 6		✓		✓
Municipal Land Transfer Tax Note 17		✓	✓	
Municipal Name Change for Tax Roll		✓	✓	
New Home Warranty	✓			✓
Second Mortgage Unsold Residence – Administration/Legal		✓	✓	
Second Mortgage Unsold Residence – Interest Note 7	✓		✓	
Interest on a Short Term Loan	✓			✓
Survey/Certification of Location – Purchase		✓		✓
Title Insurance		✓		✓
Home Renovations for Disabled Note 12		✓		✓
INTERIM LODGINGS, MEALS AND MISCELLANEOUS EXPENSES (ILM&M)				
ILM&M – Miscellaneous allowance		✓	✓	
ILM&M – Car Rental		✓	✓	
ILM&M – Dependent care	✓			✓
ILM&M – Destination Marketing Fee (DMF) Note 11		✓	✓	
ILM&M – Ferry/ Parking/ Road Tolls		✓	✓	
ILM&M – Gas Expenses		✓	✓	
ILM&M – Local Commercial Transport		✓	✓	
ILM&M – Lodging Commercial Notes 11 & 16		✓	✓	
ILM&M – Lodging Private/RV Notes 11 & 16		✓	✓	
ILM&M – Meal allowance Notes 11 & 16		✓	✓	
ILM&M – Pet boarding		✓	✓	
TRAVEL TO NEW LOCATION				
TNL – Car Rental		✓	✓	
TNL – Destination Marketing Fee (DMF) Note 11		✓	✓	
TNL – Excess baggage		✓	✓	
TNL – Ferry/ Tolls/Parking		✓	✓	
TNL – Lodging Commercial Note 11		✓	✓	
TNL – Lodging Private Note 11		✓	✓	
TNL – Meal allowance Note 11		✓	✓	
TNL – Miscellaneous allowance		✓	✓	
TNL – Mileage Note 2		✓	✓	
TNL – Pet boarding		✓	✓	
TNL – Shipment of Pets		✓	✓	
TNL – Commercial - Air/ Boat/ Bus		✓	✓	



DESCRIPTION	EMPLOYER REIMBURSED		NOT REIMBURSED	
	TAXABLE	NON TAXABLE	DEDUCTIBLE (Personal Income Tax Return)	NON DEDUCTIBLE
UNACCOMPANIED MOVES				
Unaccompanied moves – Car Rental		✓	✓	
Unaccompanied moves – Commercial Transportation		✓	✓	
Unaccompanied moves – Interim Lodgings Note 11		✓	✓	
Unaccompanied moves – Interim Meals Note 11		✓	✓	
Unaccompanied moves – Interim Miscellaneous allowance		✓	✓	
Unaccompanied moves – Lodging Commercial Note 11		✓	✓	
Unaccompanied moves – Mileage to commercial carrier Note 2		✓	✓	
Unaccompanied moves – Parking/Road Tolls		✓	✓	
Unaccompanied moves – Travel Meals Note 11		✓	✓	
Unaccompanied moves – Travel Mileage Note 2		✓	✓	
Unaccompanied moves – Travel miscellaneous allowance		✓	✓	
Unaccompanied Baggage Transport Rental		✓	✓	
Unaccompanied Baggage Travel to CMTT		✓	✓	
RETURN TRIP TO FINALIZE SALE				
Return/Finalize Sale – Car Rental		✓		✓
Return/Finalize Sale – Commercial Transportation		✓		✓
Return/Finalize Sale – Destination Marketing Fee (DMF)		✓		✓
Return/Finalize Sale – Incidental allowance		✓		✓
Return/Finalize Sale – Lodgings		✓		✓
Return/Finalize Sale – Meal allowance		✓		✓
Return/Finalize Sale – Mileage Note 2		✓		✓
Return/Finalize Sale – Parking		✓		✓
RETURN TRIP TO ASSIST MOVE Note 20				
Return to Assist – Car Rental		✓	✓	
Return to Assist – Commercial Transportation		✓	✓	
Return to Assist – Destination Marketing Fee (DMF)		✓	✓	
Return to Assist – Incidental allowance		✓	✓	
Return to Assist – Local Commercial Transport		✓	✓	
Return to Assist – Lodging		✓	✓	
Return to Assist – Meals		✓	✓	
Return to Assist – Mileage Note 2		✓	✓	

DESCRIPTION	EMPLOYER REIMBURSED		NOT REIMBURSED	
	TAXABLE	NON TAXABLE	DEDUCTIBLE (Personal Income Tax Return)	NON DEDUCTIBLE
TEMPORARY DUAL RESIDENCE ASSISTANCE (TDRA)				
TDRA – Maintenance Note 15		✓		✓
TDRA – Mortgage Interest Note 13	✓		✓	
TDRA – Property Insurance Note 14		✓	✓	
TDRA – Property Tax Note 14		✓	✓	
TDRA – Rental of a Mobile Pad		✓		✓
TDRA – Utilities Note 14		✓	✓	
REVERSE TEMPORARY DUAL RESIDENCE ASSISTANCE (RTDRA) Note 16				
RTDRA Mortgage Interest	✓			✓
RTDRA Property Insurance	✓			✓
RTDRA Property Tax	✓			✓
RTDRA Rental Mobile Pad		✓		✓
RTDRA Utilities	✓			✓
RTDRA Rental Cost	✓			✓
RTDRA Maintenance	✓			✓
<i>RTDRA is assistance provided with expenses related to the destination residence</i>				
FOREIGN COSTS Note 21				
Currency Exchange Fee		✓		✓
Driver's Driving Record		✓	✓	
HG&E Custom clearance		✓	✓	
International Driver's License		✓	✓	
Letter of Compliance		✓		✓
Loss on Exchange		✓		✓
Medical Exams/Inoculations		✓		✓
Passport		✓		✓
Passport photo		✓		✓
USA Federal Immigration Document		✓		✓
Value Added Tax Forms (VAT)		✓		✓
Visa		✓		✓
TRANSPORTATION TO LONG TERM STORAGE (LTS)				
Transportation to LTS – Car Rental		✓	✓	
Transportation to LTS – ILM&M		✓	✓	
Transportation to LTS – Travel Note 2		✓	✓	



DESCRIPTION	EMPLOYER REIMBURSED		NOT REIMBURSED	
	TAXABLE	NON TAXABLE	DEDUCTIBLE (Personal Income Tax Return)	NON DEDUCTIBLE
BASIC (DIS)CONNECTION / INSTALLATION				
Alarm System		✓	✓	
Appliance (gas lines, water lines, etc.)		✓	✓	
Cable/Satellite		✓	✓	
Cell phone activation		✓	✓	
Electrical utility		✓	✓	
Electrical Conversions Services		✓	✓	
Hot Tub lines		✓	✓	
Hydro utility		✓	✓	
Internet activation		✓	✓	
Natural gas/oil utility		✓	✓	
Telephone activation		✓	✓	
Water		✓	✓	
VEHICLES				
Driver's License Plates/Fees		✓	✓	
PMV Commercial Storage		✓	✓	
PMV Modification		✓	✓	
PMV Storage Preserve/Restore		✓	✓	
Preparation for Transportation		✓	✓	
Shipment of Vehicle		✓	✓	
Shipment Recreational Vehicle		✓	✓	
Travel to PMV Depot Note 2		✓	✓	
Vehicle Registration		✓	✓	
Vehicle Safety Certificates		✓	✓	
SUNDRY/ADDITIONAL EXPENSES				
ATM Charges		✓		✓
Collections/Antiques Appraisal		✓	✓	
Crating Charges		✓	✓	
Insurance on Moving Goods		✓	✓	
Shipment of Household Goods		✓	✓	
Storage Charge		✓	✓	
Transfer Medical/Dental Files		✓		✓
Change of address		✓	✓	
Post office mail hold		✓		✓



Notes:

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Note 1: Expenses related to this benefit may be reimbursed without receipts; however, if they are not reimbursed, they could be deductible as long as they qualify as 'eligible moving expenses' as per CRA guidelines and are supported by receipts. You can find more information on what qualifies as 'eligible moving expenses' at www.cra-arc.gc.ca (Line 219 Moving Expenses) or by contacting a tax professional.

Note 2: Mileage that is not reimbursed is deductible as per CRA guidelines. Please note that CRA mileage rates may differ from those reimbursed under the IRP Program.

Note 3: Termination penalty does not include any rental payments for a period during which the taxpayer occupied the residence. [Reference: ITA SS 62(3), IT-178R3]

Note 4: Where an interest-free home relocation loan is received, interest calculated at prescribed rates at the time the loan was received is included as a benefit. For the first five years of the loan, the taxpayer can take a deduction for the benefit calculated up to the amount of interest that would have been incurred if the loan had been for \$25,000. [Reference: ITA SS. 80.4(4), T4130]. Taxable amount reflected on box 36 over the amortization period of the loan and the deductible amount in box 37.

Note 5: Taxable if no employer involvement in negotiating loan. Non-taxable if employer assists in negotiating loan and the mortgage rate will never fall below the prescribed interest rate [ITA SS. 6(23), ITA SS 80.4(1), and IT-4211R2].

Note 6: Taxable if no employer involvement in negotiating loan, where an employee incurs a higher interest rate on a mortgage as a result of an employer-requested relocation, the mortgage interest rate differential payments for the remaining term of the mortgage are not taxable. Non-taxable if employer assists in negotiating loan and the mortgage rate will never fall below the prescribed interest rate. [ITA SS. 6(23), ITA SS 80.4(1), IT-4211R2. Case law – Splane vs. M.N.R. (90 DTC 6042, [1990] 2 C.T.C. 199, and 92 DTC 6021, [1991] 1C.T.C. 406)]

For an employer-requested relocation, where an employee incurs a higher interest rate on a mortgage, the differential payments for the remaining term of the mortgage are not taxable. If the relocation is not employer-requested, it is taxable if there is no employer involvement in negotiating the loan and non-taxable if the employer assists in negotiating the loan and the mortgage rate will never fall below the prescribed amount. [TN 6, Payment of Mortgage Interest Subsidy by Employer]

Note 7: Mortgage interest on the old residence is taxable as it is considered a financing charge. Where the interest has been included in income or paid by the taxpayer, it is deductible only to a maximum of \$5,000, for the old residence during the period that reasonable efforts are being made to sell it, and it is neither rented out nor occupied by the taxpayer or a member of the taxpayer's household. The sum of all of these types of expenses is subject to a combined \$5,000 deduction limit. [ITA SS. 6(23), ITA SS.62 (3), IT-178R3]

Note 8: Deductible only if the expenses were necessary to effect the sale of the home.

Note 9: A taxpayer is required to include in income as a taxable benefit all amounts paid in respect of an eligible housing loss, to the extent of the amount, if any, by which one-half of the amounts so paid in the year or a prior year exceed in total \$15,000, minus any amounts for this taxable benefit that have been included in the taxpayer's income for preceding years. The taxpayer who is not reimbursed, or is only partly reimbursed, for the removal expenses may be able to claim certain of the expenses incurred as a deduction from income. This to say that certain removal expenses that may affect the calculation of the Home Equity Assistance may be otherwise deductible as a moving expense, for example legal fees on sale. These otherwise deductible moving expenses are addressed separately in the policy. [References: ITA SS.6 (19)-(22), 62, IT-470R]

Note 10: May be deductible if does not relate to "work done to make the property more saleable".

Note 11: Cost to the taxpayer of meals and lodging near the old residence or the new residence for the taxpayer and members of the taxpayer's household is deductible for a period not exceeding 15 days [Reference: ITA S.62(3), IT-178R3]. If paid by the employer, expenses are non-taxable if reasonable.

Note 12: This expense is not deducted as moving expenses, however, may qualify for non-refundable tax credit as home accessibility expenses.

Note 13: Mortgage interest on the old residence is taxable as it is considered a financing charge. Where the interest has been included in income or paid by the taxpayer, it is deductible only to maximum of \$5,000, for the old residence during the period that reasonable efforts are being made to sell it, and it is neither rented out nor occupied by the taxpayer or a member of the taxpayer's household. The sum of all of these types of expenses (including Note 14) is subject to a combined \$5,000 deduction limit. [ITA SS. 6(23), ITA SS.62 (3), IT-178R3]

Note 14: Deductible only to a maximum of \$5,000, for the old residence during the period that reasonable efforts are being made to sell it, and it is neither rented out nor occupied by the taxpayer or a member of the taxpayer's household. The sum of all of these types of expenses is subject to a combined \$5,000 deduction limit. [ITA SS.62 (3), IT-178R3]

Note 15: Any maintenance other than ground maintenance is taxable. [Reference: T4130]



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Note 16: Board and lodging at a special work site, and transportation between the principal place of residence and special work site, are generally not taxable. A special work site is a location at which the duties performed by the taxpayer were of a temporary nature, if the taxpayer maintained at another location a self-contained domestic establishment as the taxpayer's principal place of residence that was available for occupancy and not rented out and to which, by reason of distance, the taxpayer could not reasonably be expected to have returned daily from the special work site. As a general rule, duties will be considered to be of a temporary nature if it can be reasonably expected that they will not provide continuous employment beyond a period of two years. It should be noted that the two year limitation is not part of the legislation; it is a CRA guideline. There have been cases when duties were performed at a location for more than two years and the nature of the duties was considered temporary. [ITA SS.6 (6), IT-91R4]

Note 17: Legal fees, land transfer taxes and registration of title fees of the new residence will not be allowed as a moving expense deduction until the old residence is sold. The deduction will be allowed in the year the old residence is sold.

Note 18: Legal fees, land transfer taxes and registration of title fees of the new residence will not be allowed as a moving expense deduction until the old residence is sold. The deduction will be allowed in the year that the old residence is sold.

Note 19: Where an employer reimburses reasonable expenses that match the definition of "moving expenses" as per ITA 62(3) in respect of a move, if the employer is determined to be the primary beneficiary of the relocation then the 40 km criteria need not be met. It is the responsibility of the employer to determine whether the primary beneficiary of the move is the employer or the employee. If the benefit is determined to be with the employer, the reimbursement of the relocation expenses are not considered to be taxable to the employee [Reference: Technical Interpretation 2016-0629351E5 (E) "Reimbursement of moving expenses"]

Note 20: Travelling costs incurred in the course of moving the taxpayer and members of the household are deductible. Does not appear to be limited to the trip from the old destination to the new destinations, so a return trip should be permitted as long as it relates to travel for the move and is for a reasonable amount. [ITA SS.63 (2) (a), IT-178R]

Note 21: The concept of "absent from Canada, but resident in Canada" An individual who is absent from Canada, but resident in Canada (see 4.3 (a), (c) and 4.4(c)) would include an individual considered resident in Canada because the individual maintained residential ties with Canada while abroad (factual resident), and an individual deemed by subsection 250(1) to be a resident of Canada. [Reference: Income Tax Folio S5-F1-C1, 1.10 - 1.21 - Factual residence – leaving Canada and 1.34 - 1.36 - Other deemed residents]

Note 22: Any reimbursed taxable relocation expenses will be reported to DRBM and source deductions will be debited through the pay system when applicable. T4/RL1 will reflect taxable benefits and deductions.