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## Executive Vehicle Program Policy

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### Department Policy Number

### Effective Date

Amended effective June 2007  
Amended effective January 1, 2005  
January 1, 2003

### Purpose

This policy is to clarify the eligibility and the administrative procedures associated with the Executive Vehicle Program Policy.

### Definitions

**CRA**                                      Canada Revenue Agency

**VPFA**                                      Vice-President Finance and Administration

### Policy

Whereas the University expects its Executive Officers to use their personal vehicle when traveling on University business, the University will:

- a. reimburse Executive Officers for mileage incurred in accordance with the Canadian Department of Finance per kilometer tax exempt allowance rate for travel over 5,000 kilometers annually. The University's reimbursement rate will be adjusted prospectively every February 1 to the rate then in effect.
- b. offer a vehicle loan to an Executive Officer to facilitate the purchase of a vehicle to be used primarily for University business;
- c. reimburse Executive who make such extensive use of their vehicles on University business that they are required to carry business use insurance, for the difference between the rate for driving on business and the rate for driving to and from work, net of available discounts.

### Regulation

N/A



## **Procedure**

### 1. Eligibility

The program will be available to all Executive Officers whose contract refers to this policy.

### 2. Loan Amount

The maximum loan amount is set at \$30,000.

#### 2.1 Interest Rate

The loans will be interest free loans; however, in accordance with CRA guidelines, the imputed interest rate, which is set quarterly, will be applied to the outstanding monthly principal, and the deemed interest amount added to the employee's remuneration in the form of a taxable benefit.

#### 2.2 Repayment Period

The principal amount of the loan will be repaid over a maximum of a five-year period by means of automatic monthly payroll deductions.

#### 2.3 Security

An official demand chattel mortgage will be registered for the loan total. In the event of non-payment in full upon termination of employment, or sale of the vehicle, foreclosure proceedings may be instituted. This demand chattel mortgage will not be transferable to others upon the sale of the vehicle. No exceptions will be allowed.

#### 2.4 Eligible Vehicles

- a. The vehicle purchased must normally be new and purchased at a licensed car dealership.
- b. In the case of an offer to purchase an existing University vehicle, a loan may be provided up to the fair market value of the vehicle.
- c. Only one vehicle per Executive member will qualify for this program at any given time.
- d. The vehicle purchased must be used primarily for business travel related to the Executive's position at the University.

#### 2.5 Transfer of Funds

For the purchase of a new vehicle, loan proceeds will be remitted directly to the staff member, upon approval by the University.



## 2.6 Purchase of a Different Vehicle

If an employee purchases another vehicle during the term of the loan, then the loan can be transferred to the new vehicle provided that the loan conditions are met and all out of pocket costs of the transfer will be added to the proceeds of the loan total.

## 2.7 Termination of Employment

The outstanding balance of the loan will become due and payable in full upon termination of employment with Athabasca University for any reason.

## 3. Business Use Insurance

The cost of regular use insurance coverage is considered a part of "operating costs", which is covered by the per kilometer reimbursement. However, when an automobile is to be used on University business more than limited number of days in any calendar month, the owner may be required to carry business insurance coverage. Failure to have appropriate business insurance could invalidate the employee's coverage for certain claims. Executive members are required to verify with their insurance agent to ensure that they have the appropriate coverage to reflect their respective business use.

## 4. Administration

Application and administration for the Executive Vehicle Loan Program will be through VPFA.

## 5. Exceptions

Exceptions to the Executive Vehicle Loan Program require approval of the President.

### **Approved by**

AUGC Staff Relations Committee

### **Amended Date/Motion No.**

AUGC Executive Committee, Motion 218-6, March 9, 2007

Staff Relations Committee Meeting: Motion 2, November 26, 2004

Staff Relations Committee Meeting: Motion 88-7, November 29, 2002

### **Related References, Policies, and Procedures**

[Expense Reimbursement Policy](#)

### **Applicable Legislation/Regulation**

[Canada Revenue Agency Income Tax Regulations](#)



**Responsible Position/Department**

This policy is maintained and administered by VPFA. For further information, please contact the Vice-President, Finance and Administration.

**Keywords**