

# Automotive Industries Association of Canada

## Effect of deducting the cost of mechanic's tools while an apprentice

Prince Edward Island

Salary: 30,000 per year

		Single	Married	
Total taxes	No Tools	5,271.69		3,601.12
	\$1,000 in tools savings	5,271.69	0.00	3,601.12
	\$1,500 in tools savings	5,271.69	0.00	3,601.12
(1)	\$3,000 in tools savings	4,884.69	387.00	3,214.12
	\$4,000 in tools savings	4,626.69	645.00	2,956.12
	\$5,000 in tools savings	4,368.69	903.00	2,698.12
(2)	\$6,000 in tools savings	4,110.69	1,161.00	2,440.12
				1,161.00

The regulations as drafted, allow an apprenticing mechanic to deduct the cost of his tools, as approved by his employer.

The total cost of the tools is reduced by the greater of : \$1,000 or 5% of the mechanic's income from being a mechanic

(1) With the purchase of \$3,000 in tools, the cost is reduced by \$1,500 - being 5% of the \$30,000 salary

(2) If able to time the purchases of the tools, - say \$3,000 in Jan. of a year, and \$3,000 in December, then the 5% reduction is only deducted once, regardless of when the deduction for the tools is claimed

After the initial \$1,500 has been covered, the tools are reducing income at the rate of 25.8% - that is, for every additional \$100 spent on tools in that year, taxes are reduced by \$25.80



Prince Edward Island

Salary: 20,000 per year

		Single	Married	
Total taxes	No Tools	2,873.58		953.01
	\$1,000 in tools savings	2,873.58	0.00	953.01
	\$1,500 in tools savings	2,719.58	154.00	799.01
	\$3,000 in tools savings	2,257.58	616.00	387.40
	\$4,000 in tools savings	1,949.58	924.00	227.40
	\$5,000 in tools savings	1,641.58	1,232.00	67.40
(2)	\$6,000 in tools savings	1333.58	1,540.00	0
				953.01

(2) If able to time the purchases of the tools, - say \$3,000 in Jan. of a year, and \$3,000 in December, then the \$1,000 reduction is only deducted once, regardless of when the deduction for the tools is claimed