

TOWN OF MARKHAM
Ontario



BY-LAW 77-93

**A BY-LAW TO PROVIDE FOR THE ANNUAL
REMUNERATION AND BENEFITS FOR THE
MAYOR AND MEMBERS OF COUNCIL**

This By-law is printed under and
by authority of the Council of
the Town of Markham

(Consolidated for convenience only
to 10 December, 2002)

(Schedule/Attachment Consolidated)

AS AMENDED BY:

By-law 47-96 - March 26, 1996 (REPEALED BY BY-LAW 35-2000)

By-law 254-96 - October 22, 1996

By-law 55-2000 - April 11, 2000

By-law 124-2000 - July 11, 2000

By-law 2001-240 - September 11, 2001

By-law 2002-273 - December 10, 2002

BY-LAW 77-93

A by-law to provide for the annual remuneration and benefits for the Mayor and Members of Council

WHEREAS under Section 242 of the Municipal Act, R.S.O. 1990, c.M. 45, Council may pass by-laws for paying remuneration to the Members of Council and such remuneration may be determined in any manner that Council considers advisable;

AND WHEREAS under Section 253 of the Municipal Act, R.S.O. 1990, c.M. 45, Council may pass by-laws for providing for any and all of the members of Council any benefits that may be provided for the employees of the municipality under paragraphs 48 and 49 of Section 207, and for any other benefit of a like nature that Council considers appropriate;

AND WHEREAS Section 243 of the Municipal Act, R.S.O. 1990, c.M. 45, provides for the paying in whole or in part such expense of the members of Council as are actually incurred as a result of their acting either within or outside of the municipality in their capacity as members of Council;

AND WHEREAS Council, at its meeting held on June 12, 2001, passed a resolution to authorize an increase to all Members of Council, as follows:

Effective April 1, 2001	2.0%
Effective April 1, 2002	2.0%
Effective October 1, 2002	0.5%
Effective April 1, 2003	2.0%
Effective October 1, 2003	0.5%

(Amended by By-law 2001-240)

AND WHEREAS it is deemed desirable to reimburse the said Councillors a specified fee for expenses incurred in the use of their private motor vehicles while carrying out their duties as a Councillor for the Corporation of the Town of Markham;

AND WHEREAS in accordance with Sub Section 1 of Section 243 of the Municipal Act, R.S.O. 1990, c.M. 45 the paying of such expenses of the members of Council as are actually incurred is to be in accordance with Council's Budget and Reporting Guidelines attached hereto as Schedule 'A';

AND FURTHER THAT WHEREAS pursuant to Section 242 of the Municipal Act, R.S.O. 1990, c.M. 45 Council considers it advisable to provide for a severance remuneration to members of Council at such time as such member ceases to be a member of Council;

AND WHEREAS pursuant to Subsection 283(1) of the *Municipal Act, 2001*, effective January 1, 2003, a municipality may pay any part of the remuneration and expenses of the members of the municipality and of the officers and employees of the local board;

(Amended by By-law 2002-273)

AND WHEREAS pursuant to Subsection 283(4) of the *Municipal Act, 2001*, effective January 1, 2003, provides that no part of the remuneration of a member of a council paid under this section is deemed to be for expenses incidental to his or her duties as a member and a municipality shall not provide that any part of the remuneration is for such deemed expenses;

(Amended by By-law 2002-273)

AND WHEREAS pursuant to Subsection 283(5) of the *Municipal Act, 2001*, effective January 1, 2003, stipulates that, if a resolution of a municipality under subsection 255(2) of the *Municipal Act*, R.S.O. 1990, c. M.45, is not revoked before January 1, 2003, the resolution shall be deemed to be a by-law of the municipality and one-third of the remuneration paid to the elected members of the council and its local boards is deemed as expenses incidental to the discharge of their duties as members of the council or local board.

(Amended by By-law 2002-273)

NOW THEREFORE the Council of the Corporation of the Town of Markham ENACTS as follows:

1. That, effective January 1, 2003, the remuneration for the Mayor and members of Council shall be fully taxable, pursuant to Section 283 of the *Municipal Act, 2001*;

(Amended by By-law 2002-273)

2. That, effective January 1, 2003, the annual remuneration of the Mayor and members of Council shall be adjusted to compensate for 100% of remuneration being taxable.

(Amended by By-law 2002-273)

3. (a) Commencing October 1, 2003, the remuneration of the Mayor is hereby fixed at the sum of **\$93,800** and in addition thereto the provision of a car in accordance with standard town policy respecting town cars as may be revised from time to time.

(Amended by By-law No. 2002-273)

(b) *Deleted*

(c) *Deleted*

(d) *Deleted*

(e) *Deleted*

(Amended by By-law 2002-273)

4. (a) Commencing October 1, 2003, the remuneration of the Deputy Mayor is hereby fixed at the sum of **\$58,318**.

(Amended by By-law No. 2002-273)

(b) *Deleted*

(c) *Deleted*

(d) *Deleted*

(e) *Deleted*

(Amended by By-law 2002-273)

5. (a) Commencing October 1, 2003, the remuneration for each member of council, other than the Mayor and Deputy Mayor, is hereby fixed at the sum of **\$53,012**.

(b) *Deleted.*

(c) *Deleted*

(d) *Deleted*

(e) *Deleted*

(Amended by By-law 2002-273)

6. The remuneration to be paid to the Mayor, Acting Mayor and each member of Council shall be paid in equal consecutive installments or as nearly as possible thereto.

(Amended by By-law No. 2002-273)

7. The whole of the cost of the plan of hospital care insurance and for the health services insurance for the Mayor and each member of Council shall be paid by the Town.

8. The whole of the cost of the provision of group life insurance, group accident insurance, extended hospital, medical, surgical services and dental services, for the Mayor and each member of Council shall be paid by the Town.

9. A policy is hereby established for the extension of Town paid benefits to retired members of Council, and such policy is set out in section 9 of this by-law.

10. All members of Council are covered by OMERS Type 1 Supplementary Agreement and all members of Council are also covered by OMERS Type V1 Supplementary Benefit Agreement.

11. (1) In this Section:

"Member of Council" means a person who was a member of the Council for the Corporation of the Town of Markham as of December 1, 1988, or any time thereafter.

- (2) A member of Council who ceases to be a member of Council shall be entitled to the payment of severance remuneration as provided for in this section.
- (3) The amount of severance remuneration payable shall be an accumulated amount calculated at the rate of one month's current remuneration at the time the member ceases to be a member for every year of service on Council since December 1, 1985 or part thereof, to a maximum of six months remuneration.
- (4) Where a member of Council has received severance remuneration as a result of ceasing to be a member of Council as provided for herein and becomes again a member of Council, any subsequent calculation of severance remuneration:
 - (a) shall commence from the date that the person again becomes a member of Council; and
 - (b) shall be limited to a maximum of six months remuneration, less any previous period of time for which the member has received severance remuneration.
- (5) The calculation of the amount of the severance remuneration pursuant to subsections (3) and (4) shall use twelve months for a year and any remainder of six months or more shall be rounded up to the next higher number, and if the remainder is less than six months, the calculation of the years of service shall be unaffected.
- (6) Any severance remuneration paid pursuant to this by-law shall not be subject to any deduction because of membership in the Ontario Municipal Employees' Retirement System or any additional or alternative retirement system in effect at that time.
- (7) In the event of the death of a person while a member of Council, severance remuneration shall be paid to the estate of such member.
- (8) Notwithstanding subsection (2) hereof, a member of Council who ceases to be a member of Council by reason of being elected as a member of the Provincial Legislature or the Federal Parliament shall not be entitled to any payment of severance remuneration, provided, however, that if such person becomes again a member of Council, the member shall be entitled to claim credit for past service on Council in accordance with of this by-law.
12. A further salary review be undertaken with respect to the on-going administration of compensation and severance for Elected Officials to include a regular assessment at approximately the mid-point of each three year term of Council.

(Section 10 amended by By-law 124-2000)

13. That no part of the remuneration paid to any elected official shall be deemed to be expenses and that the annual remuneration paid to each elected official shall be adjusted

to eliminate any negative tax impact so as to take effect immediately upon the revisions of The Municipal Act.

(Section 11 amended by By-law 124-2000)

14. Town of Markham By-law Nos. 321-88, 145-90, 270-90 and 283-90 are hereby repealed.

(Section 12 amended by By-law 124-2000)

15. This by-law shall be known as the Mayor and Councillors' Remuneration and Benefits By-law.

(Section 13 amended by By-law 124-2000)

Read a first and second time this 27th day of April, 1993.

Read a third and final time this 27th day of April, 1993.

"Bob Panizza"

Bob Panizza
Town Clerk

"Frank Scarpitti"

Frank Scarpitti
Mayor

SCHEDULE 'A'

TOWN OF MARKHAM

COUNCIL'S BUDGET AND REPORTING GUIDELINES

JANUARY, 1993

TOWN OF MARKHAM

COUNCIL'S BUDGET AND REPORTING GUIDELINES

JANUARY, 1993

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TOWN OF MARKHAM

COUNCIL'S BUDGET AND REPORTING GUIDELINES

PURPOSE:

- To give Councillors the resources to perform their function effectively and the responsibility over those resources.
- To install policy and procedures over Councillors' expenses.
- To simplify and code the budget and reporting process for Councillors.
- To ensure that the reporting process for Councillors is consistent with the Town's overall reporting structure.

GUIDING PRINCIPLES:

In the preparation of this report, the following guiding principles were utilized:

- * Councillors' budget/spending are subject to approved policies, procedures and controls.
 - Council's budget should utilize existing systems and procedures and should comply with the Town's systems and procedures for budgeting and reporting..
- * Council members require appropriate support.
 - The Councillors require certain resources to enable them to fulfill their corporate duties and to allow them to carry out the basic functions of the office. These include such items as office space, support personnel, office supplies, etc.
 - The budget should also provide for the additional resources required by each Councillor to efficiently serve their constituents' needs. These include allocations for printing, photocopying, conference/seminar fees, etc.
 - Expenditures related to personal or non-Town business must not be charged to the Town.
 - Funds must not be used for personal campaigning or election related purposes.
- * These "Budget and Reporting Guidelines" along with the budget and the actual expenditures incurred will be open to public scrutiny.
- * Council remains the final arbitrator---revisions, exceptions and interpretations must be made by Council.

BUDGET/EXPENDITURE ALLOCATION CLASSIFICATIONS:

'MAYOR AND COUNCILLORS' budgets can be summarized under the following captions:

- a) Council Administrative Budget
- b) Mayor & Councillors' Individual Budgets

These are discussed in the following paragraphs.

a) Council Administrative Budget

- These include other general and administrative expenses which cannot be specifically allocated to the Mayor's or any Councillor's office.
- Examples include:
 - Council Remuneration
 - Councillors' Fringe Benefits
 - Town's portion of UIC, CPP, OMERS
 - Blue Cross
 - Insurance
 - OHIP (EHT)
 - OMERS Type 6
 - Taxable Benefits
 - Salaries/Wages - Full Time
 - Salaries/Wages - Part Time
 - Courier/Delivery/Postage
 - Printing/Photocopying, (including special needs of Ward residents where approved by Council)
 - Books, Magazine Subscriptions and Newspapers
 - Former Mayor & Councillors continuing benefits, such as
 - Retirement Allowances
 - Councillor's Pension
 - OMERS Type 6
 - for past service cost
 - Blue Cross for eligible elected officials
 - Receptionists' Fringe Benefits
 - Office Supplies/Expenses
 - Equipment Rentals
 - Corporate Functions and Special Events
 - Association Fees

Mayor & Councillors' Individual Budgets

This area includes both

- Expenditures common to all Councillors which are required to support the Councillors in the performance of their function, and
- Expenditures which each Councillor can tailor to meet the special needs of Town residents.

The reporting structure would include a separate set of detail accounts for the Mayor's office and for each Councillor.

• Examples of Mayor & Councillors' expenditures include:

- Contracted Employee Services
 - Councillor's Assistant - Full Time
 - Councillor's Assistant - Part Time
 - Councillor's Assistant - Other Costs
- Mileage
 - for business travel by personally owned automobile incurred in attending meetings/conferences/conventions and courses
 - rate per kilometer equivalent to that for Town's employees
 - separately shown for GST purposes
- Courses
- Conferences
 - Conference per diem rate
 - includes cost of attendance, related meals, parking or other related travel expenses (taxis, airfare, etc.)
 - single hotel accommodation if out of Town (as per Town policy)
- Meals and Meeting Expenses
 - reimbursed only if on Town business and supported by proper receipts which indicate the nature of the function
- Cellular Phone Use
- Association Board Meetings

Appendix I displays a proposed organization of the Mayor & Councillors' Commission for internal reporting purposes and reflects the new reporting structure developed for the Town.

Personal or Non-Allowable Expenditures

All expenses unrelated to Town business should not be charged to the Municipality.

BUDGETING POLICIES/PROCEDURES:

- i) All Council budgets should be prepared by Council with assistance from staff in accordance with this policy.
- ii) All Administrative Costs should be clearly outlined during the budget process, and responsibility for same clearly identified.
- iii) All new requests for Council as a whole or for an individual Councillor will be treated as any other budget adjustment. (i.e. requires Council approval, re-allocation of funds and recorded in the Financial Services Department as a budget adjustment.)
- iv) Reallocations of budgets among individual Councillor's expenditure categories would be in accordance with the 'Operating Budgets - Amendment Policy and Procedures' adopted by Council on September 15, 1992 (copy of extract attached as Appendix II)).
- v) Council budgets will be subject to the same review process as all other budgets and subject to budget policies which exist at that time.

REPORTING AND CONTROL POLICIES/PROCEDURES:

- i) THAT in order to allow for the proper financial management and control of resources allocated, all expenditures directly relating to a Councillor be charged to that Councillor's account.
- ii) THAT expenditures which relate to all Members of Council or the Council as an organization, be charged to the Administrative Costs.
- iii) THAT no expenditures will be approved or expenses reimbursed without proper receipts or documentation. The account code for the charging of the expenditure must accompany the standard expense report.
- iv) THAT the Town provide each Councillor with the fixed assets required to carry out the individual Councillor's functions and that the acquisition of fixed assets would not form part of an individual Councillor's budget. Any assets that have been purchased with Municipal funds remain the property of the Town of Markham.

Where a member of Council has jointly purchased an asset with the Town, either party may elect to purchase the interest of the other at the appropriate fair market value.

Each Councillor's needs regarding fixed assets will form part of the Town's capital budget.

- v) THAT regular (monthly) financial reports be distributed to each Councillor showing the actual expenditures to date versus the budget to date for all Councillors.
- vi) THAT Council expenditures be monitored and reported as per normal reporting procedures.
- vii) The required annual reporting as designated in Section 243(1) of the Municipal Act, R.S.O. 1980, will be in the format as shown in Appendix IV and will include the following:
 - Any direct REMUNERATION received by a Councillor as a 'salary', Honorarium, etc.;
 - The cost of all BENEFITS (Town portion of UIC, CPP, OMERS, OMERS Type 6, Blue Cross, Insurance, EHT, Town's Fitness Memberships) paid by the Town as part of the remuneration package received by the Councillor;

- Other expenditures including:

All costs associated with the Mayor's automobile which will be included with benefits in the Statement;

All costs associated with Mayor & Councillors mobile telephones which will be shown separately in the Statement;

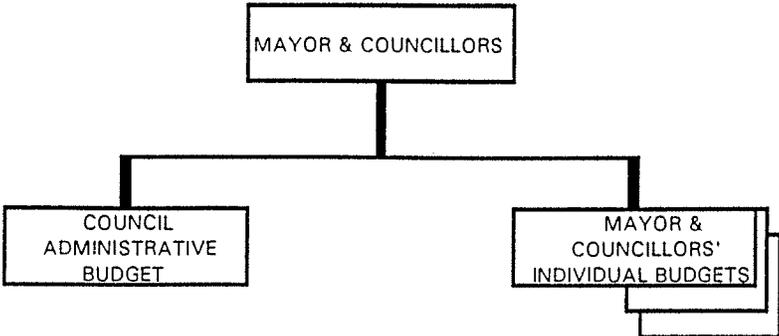
All costs (mileage, meals, accommodation, attendance) associated with training seminars and conferences which will be shown separately in the Statement;

All unaccountable allowances which will be included with benefits in the Statement.

- Mileage - (reimbursement per distance travelled for use of personal auto) associated with Town business travel;
- Promotional & meeting expenses, including the cost of meals, accommodation, attendance and travel associated with Town business;

ADDITIONAL POLICIES/PROCEDURES:

- New or revised policies or procedures may be added to this report at any time with Council's approval. All issues and proposals will be considered by the Administrative Committee in co-operation with Senior Management which will recommend any changes.



APPENDIX II
THE CORPORATION OF THE TOWN OF MARKHAM

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DATE: September 16th, 1992

TO: Mayor and Members of Council
Town Administrator
All Commissioners
Manager of Financial Reporting Systems & Budget

EXTRACT CONTAINING ITEM #9 OF THE FOURTEENTH REPORT OF THE ADMINISTRATIVE COMMITTEE WHICH ITEM WAS ADOPTED, WITHOUT AMENDMENT, BY COUNCIL AT ITS MEETING HELD ON SEPTEMBER 15TH, 1992

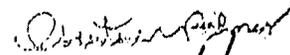
OPERATING BUDGETS - AMENDMENT POLICY & PROCEDURES (9-1)

YOUR COMMITTEE RECOMMENDS:

THAT THE REPORT DATED JULY 24, 1992 FROM THE MANAGER OF FINANCIAL REPORTING SYSTEMS & BUDGET ENTITLED "OPERATING BUDGETS - AMENDMENT POLICY & PROCEDURES," BE RECEIVED;

AND THAT

- (A) ANY DIRECTOR OR MANAGER BE ALLOWED TO REALLOCATE INDIVIDUAL LINE BUDGET DOLLARS WITHIN OR AMONG HIS/HER APPROVED OPERATING BUDGET/COST CENTRE(S) UP TO AN AGGREGATE AMOUNT OF \$5,000.00.
- (B) ANY COMMISSIONER BE ALLOWED TO REALLOCATE BUDGET DOLLARS AMONG HIS/HER DEPARTMENTS UP TO AN AGGREGATE AMOUNT OF \$25,000.00.
- (C) THE TOWN ADMINISTRATOR BE ALLOWED TO REALLOCATE BUDGET DOLLARS AMONG COMMISSIONS UP TO AN AGGREGATE AMOUNT OF \$100,000.00.
- (D) AGGREGATE AMOUNTS IN EXCESS OF ONE'S LIMIT ARE TO BE REFERRED TO THE NEXT LEVEL OF AUTHORITY.
- (E) ANY INDIVIDUAL ADJUSTMENT EXCEEDING \$100,000.00 MUST HAVE COUNCIL APPROVAL.



DEPUTY CLERK

- (F) WHERE RESTRUCTURING OCCURS, THE DEPARTMENT HEADS AFFECTED IN CONSULTATION WITH THE MANAGER OF FINANCIAL REPORTING, SYSTEMS & BUDGET WILL DETERMINE THE REALLOCATION OF THE APPROVED OPERATING BUDGET. THE COMMISSIONER(S) AFFECTED BY SUCH REORGANIZATION WILL SIGN OFF FOR THE REALLOCATION.
- (G) ANY REALLOCATION BE PRESENTED TO THE FINANCE COMMITTEE FOR APPROVAL.

Robert Palmer

DEPUTY CLERK

SUMMARY STATEMENT OF COUNCILLORS' REMUNERATION AND EXPENSES
FOR THE PERIOD JANUARY 1, 1992 TO DECEMBER 31, 1992

	Remuneration	Benefits	Training Seminars & Conferences	Associations	Mobile Telephone Charges	Meetings	Meals	Total
MAYOR								
Frank Scarpitti								
REGIONAL COUNCILLORS								
Carol Bell								
Fred Cox								
Gordon Landon								
Ken Dunphy								
WARD COUNCILLORS								
Alex Chiu								
Bill Flach								
Jim Jones								
Tom Newell								
Doreen Quirk								
Bob Sherwood								
David Tsubouchi								
Vacant								

REMUNERATION includes all 'salary' and Honorarium received by a Councillor; 1/3 of remuneration is for expenses incurred by the Councillor in the discharge of his duties and is non-taxable.

BENEFITS include Town portions of UIC, CPP, OMERS, OMERS Type 6, Blue Cross, Insurances, EHT, Town fitness, Mayor's auto and any unaccountable advances.

TRAINING SEMINARS & CONFERENCES include all costs (accommodation, attendance, travel, mileage, meals) associated with these activities.

MOBILE TELEPHONE CHARGES include all costs associated with this item.

ASSOCIATIONS include membership such as F.C.M.

MILEAGE includes all reimbursement for use of personal vehicles not charged to Training seminars & Conferences.

MEETINGS include all reimbursement for these items not charged to Training seminars & Conferences.

RELEVANT SECTIONS OF THE MUNICIPAL ACT, R.S.O. 1980

1) **Yearly Summary of Remuneration and Expenses:**

243.—(1) The treasurer of every municipality shall on or before the 18th day of February in each year submit to the council of the municipality an itemized statement of the remuneration and expenses paid to each member of council in respect of his services as a member of council or as an officer of the municipal corporation in the preceding year and to each person mentioned in subsection 240 (1) in respect of his services as a member of the local board or other body in the preceding year.

243.—(2) A statement submitted under subsection (1) shall also indicate the by-law or resolution and the statutory provision under the authority of which the remuneration or expenses were paid.

2) **One Third Of Remuneration Deemed To Be For Expenses:**

251.— Notwithstanding the other provisions of this Act or any other general or special Act, where an elected member of a council of a municipality or a local board, as defined in the Municipal Affairs Act, is, under a by-law or resolution of the council or such local board, paid a salary, indemnity, allowance or other remuneration, one-third of such amount shall be deemed to be for expenses incident to the discharge of his duties as a member of the council or such local board. R.S.O. 1980, c. 302, s. 252.

3) **By-Law For Paying Expenses:**

239.—(1) Notwithstanding the provision of any general or special Act, the council of a municipality may provide by by-law for paying in whole or in part such expenses of the members of council and the officers and servants of the municipality as are actually incurred as a result of their acting either within or outside the municipality in their capacity as members of council or officers of the municipal corporation or as officers or servants of the municipality and as are authorized by the by-law.

Maximum Amounts:

239.—(2) A by-law passed under subsection (1) may set maximum amounts or rates that may be paid in respect of any expense for which payment is authorized by the by-laws.

Expense Allowances:

239.—(3) A by-law passed under subsection (1) may provide for the payment of a specified amount or amounts calculated according to a specified rate in lieu of the amount of actual expenses incurred in respect of items of expenditure specified in the by-law where the specified amounts or rates, in the opinion of the council, reasonably reflect the actual expenses that would be incurred. R.S.O. 1980, c. 302, s. 239.

RELEVANT SECTIONS OF THE INCOME TAX ACT

4) Section 81(3) Non-Taxable Allowance:

"Municipal Officers' Expense Allowance---Where:

- (a) an elected officer of an incorporated municipality,
- (b) an officer of a municipal utilities board, commission or corporation or any other similar body, the incumbent of whose office as such an officer is elected by popular vote, or
- (c) a member of a public or separate school board or similar body governing a school district,

has been paid by the municipal corporation or the body of which he was such an officer or member (in this subsection referred to as his "employer") an amount as an allowance in a taxation year for expenses incident to the discharge of his duties as such an officer or member. The allowance shall not be included in computing his income for the year unless it exceeds $\frac{1}{2}$ of the amount that was paid to him in the year by his employer as salary or other remuneration as such an officer or member, in which event there shall be included in computing his income for the year only the amount by which the allowance exceeds $\frac{1}{2}$ of the amount so paid to him by way of salary or remuneration."

5) Interpretation Bulletin #292 Taxation of Elected Officers of Incorporated Municipalities, School Boards, Municipal Commissions and Similar Bodies:

- 1. "This bulletin outlines the Department's long-existing policy in respect of the interpretation and application of subsection 81(3) which provides for the portion of an elected municipal officer's expense allowance to be excluded in computing his income.
- 2. Subsection 81(3) also applies to an elected officer of a school board or district, a municipal utilities board, a municipal commission or corporation, or any other similar body and for 1974 and subsequent years, a member of a public or separate school board or similar body governing a school district.

Total Amounts Received

- 3. To determine the amounts to be excluded from the income of one of these officers or members, the first step is to compute the total of the amounts received from the municipal corporation or body that employed him in respect of his position, such as
 - (a) salary, fees, indemnities and honoraria,
 - (b) a general expense allowance, and
 - (c) a mileage or other travelling allowance.
- 4. The allowance referred to in item (b) is restricted to the non accountable payment an employer is authorized to make to an officer or member which is received by him because of his position and not for any specific duties he may perform, such as attending a convention or travelling on municipal business, for which he is usually reimbursed for part or all of his expenses. Those reimbursements are not taxable and are not regarded as "allowances" within the meaning of paragraph 6(1)(b) or subsection 81(3).

5. The "mileage or other travelling allowance" referred to in item (c) above is again a non accountable allowance received on account of his position, such as an allowance a municipality is authorized to pay to an elected officer for travelling to and from council meetings. It does not refer to a reimbursement the officer or member may receive for the performance of specific duties.

Expense Allowance

6. The second step is to arrive at the amount of the expense allowance which need not be included in income. Subsection 81(3) restricts this to half the amount paid as salary or other remuneration. However, the Municipal Acts of some provinces deem that proportion of the total amount paid (as arrived at in paragraph 3) to an elected member of a municipal council is an allowance for expenses; where this is so, it is the Department's policy that the proportion so deemed to be an expense allowance (up to one third of the total paid) will be accepted as an expense allowance notwithstanding that local bylaws may specifically allocate portions of the total to salary, indemnity, allowance or other remuneration.
7. Where there is no deeming provision in the Municipal Act of a province, the Department will consider one third of the total arrived at in paragraph 3 above to be expense allowance and two thirds to be salary or other remuneration, except that where the expense allowance actually paid is less than one third of the total received this actual amount will be used, or where no expense allowance is actually paid none will be allowed.

Limitation on Employment Expense Deduction

8. By virtue of subsection 8(3), taxpayers to whom subsection 81(3) applies are not entitled to claim the employment expense deduction authorized by paragraph 8(1)(a), except to the extent that the amount otherwise deductible under paragraph 8(1)(a) exceeds the amount excluded from income by subsection 81(3).

Reporting -- T4 Supplementary and T1 Individual Tax Returns

9. The expense allowance or portion of it which need not be included in income by virtue of subsection 81(3) should not be included in "Total Earnings Before Deductions" or in "Taxable Allowances and Benefits" on the T4 Supplementary. However, a notation at the bottom of the T4 Supplementary should give the amount of the allowance which has not been included. This notation is necessary to determine the limitation of the employment expense deductions.
10. This procedure eliminates the necessity for the individual officer to deduct the nontaxable portion under subsection 81(3) when completing his T1 return. However, if this procedure is not followed and the T1 Supplementary includes the expense allowance in "Total Earnings Before Deductions", the individual who makes the claim for deduction must be able to establish that it was so included."