

**Tax Tip**  
**Week of February 15, 2010**

**New Rules on Frequent Flyer Points**

Many employees collect frequent flyer points on their personal credit cards when travelling on employer reimbursed business trips or incurring other business related expenses. These points can subsequently be exchanged for various goods and services for the individual's personal use. It was CRA's former policy that it is the responsibility of the employee to determine and include in income the fair market value of any benefits received. However, this was a challenging exercise and many employees did not attempt to comply with this policy. Last year, CRA announced that they no longer require these benefits to be included in an employee's income, if the following three conditions are met

- the points are not converted to cash
- the plan or arrangement is not indicative of an alternate form of remuneration
- the plan or arrangement is not for tax avoidance purposes

However, if the employer controls the points through a company credit card any benefit that accrues to the employee will be taxable.