

TRUCK NEWS

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EOBRs for repeat offenders

US ruling could impact direction Transport Canada takes: CTA

By Adam Ledlow

WASHINGTON, D.C. – Repeat Hours-of-Service violators will bear the brunt if the Federal Motor Carrier Safety Administration's proposed rule for electronic on-board recorders comes into effect. According to the proposal, announced Jan. 11 during a closed briefing for media representatives and led by FMCSA Administrator John Hill, carriers with two "serious" Hours-of-Service review violations within a two-year period will be required to equip their fleet with EOBRs, also for a two-year period.

According to information provided by FMCSA, this would affect 930 carriers and 17,500 drivers based on today's safety performance statistics.

"We make it top priority to focus on those companies who are most likely to be a safety hazard on the road," Hill said during the briefing. "There are hundreds of thousands of trucks and buses on America's roads today. We have to find other ways to get more of these units on more vehicles, without creating an unreasonable burden with a government mandate."

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Join the Lunchbag Letdown Campaign

By James Menzies

OTTAWA, Ont. – The Canadian Trucking Alliance (CTA), Owner-Operators' Business Association of Canada (OBAC) and Teamsters union have set aside their political differences in an attempt to lobby Ottawa to restore the meal deduction limit for truckers to 80%. But they need your help.

In 1994, the newly-elected Liberals followed in the footsteps of their US counterparts, reducing the meal tax deduction limit from 80% to 50%.

It was a move aimed at reducing the tax benefits for suits who would wine and dine key customers at lavish restaurants. Unfortunately truckers, many of whom have little choice but to eat out regularly while on the road, suffered the most.

While the US recognized its mistake and has since begun gradually restoring the meal tax deduction limit for American truckers (it stands at 75% now and will return to 80% in 2008), the Canadian feds have yet to reverse the 1994 rollback.

Now, with a new government in Ottawa preparing its first federal budget, the time was right to re-open the debate, members of the CTA, OBAC and Teamsters

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Heavy-duty hybrids

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Meal deduction could become an election issue

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agreed.

“It’s time for the government of Canada to do the right thing and stop eating our drivers’ lunch,” said OBAC executive director, Joanne Ritchie.

“When a US and Canadian truck driver sit down side-by-side in the same truck stop, eating the same breakfast, it’s very hard to stomach the fact that one of them is getting an 80% write-off while the other gets only 50%,” added Phil Benson, a Teamsters lobbyist.

Many cross-border truckers have been forced to eat out while on the road more frequently than ever, with US Customs agents regularly seizing food products at the border.

As part of the Lunchbag Letdown Campaign, the three lobby groups are distributing postcards at truck stops, through driver pay packages and at industry events. Drivers are encouraged to fill out the postcards and mail them to Finance Minister, Jim Flaherty.

There’s no cost to mail the postcards when sending them from within Canada. A postcard can be found inserted at pg. 37 of this month’s *Truck News*.

A paper version can also be downloaded from trucknews.com (Under the Knowledge Centres section on the right-hand side of our home page). It can be printed out, placed in an envelope and mailed (no postage necessary) to Parliament Hill.

The effort is reminiscent of a previous mail-in campaign organized by *Truck News* when the decision was first announced in 1994. *Truck News* collected and delivered more than 3,500 letters to Parliament Hill, but the collective voice of the trucking industry fell on deaf ears.

This time, organizers are more optimistic, since they’re dealing with a new government.

“We are not talking about lavish meals with \$100 bottles of wine

“When a US and Canadian truck driver sit down side-by-side in the same truck stop, eating the same breakfast, it’s very hard to stomach the fact that one of them is getting an 80% write-off while the other gets only 50%.”

– Phil Benson, Teamsters

here; this is about subsistence, pure and simple,” pointed out CTA chief, David Bradley.

Truckers have good reason to get behind the Lunchbag Letdown Campaign. Increasing the deduc-

tion limit from 50% to 80% of \$51 (the current federal limit) will save the average truck driver \$1,343 per year (or up to \$1,468 in Quebec where the taxes are higher than the national average).

The cost of the 50% meal deduction limit

Assuming the driver is on the road five days per week, 50 weeks of the year with an annual gross income of \$50,000, the driver would accrue meal expenses totalling \$12,750 per year:

Income tax payable at 50%		Income tax payable at 80%	
Gross income:	\$50,000	Gross income:	\$50,000
Less deductions from income:		Less deductions from income:	
Meal expenses:		Meal expenses:	
\$12,750 x 50%	(\$6,375)	\$12,750 x 80%	(\$10,200)
Other deductions	(\$1,500)	Other deductions	(\$1,500)
Taxable income:	\$42,125	Taxable income:	\$38,300
Income tax payable at 2006 average federal-provincial rate:		Income tax payable at 2006 average federal-provincial rate:	
	\$9,004		\$7,661

Canada Average Tax Rate – Penalty to driver from 50% deductibility:

\$1,343

High Federal-Provincial Tax Rate (Quebec) – Penalty to driver:

\$1,468

** Numbers provided by CTA, OBAC and Teamsters and verified by an independent tax professional.*

That’s based on a driver who finds himself on the road five days per week, 50 weeks per year earning about \$50,000 per year. (See chart for a more detailed breakdown).

Scott Taylor, vice-president of TFS Group, a Waterloo, Ont., company that provides accounting, fuel tax reporting, permitting and licensing, and other business services for trucking companies and owner/operators, confirmed to *Truck News* that truckers stand to benefit substantially from the proposed change.

“Thirteen-hundred dollars in a lump sum payment to a driver every year puts a lot of cash in someone’s hand to help their family pay for braces or pay for a pizza day at their children’s school,” Taylor said. “Imagine if someone had put that into their RRSP year after year – wouldn’t that be something?”

Taylor recalled how the industry was broadsided by the 1994 roll-back.

“At that time, we didn’t see it coming,” he said. “Everyone was very upset at the time once they realized how much the reduction was going to mean.”

Taylor said he’s cautiously optimistic the latest meal tax deduction campaign will meet with more success than previous attempts.

The federal government quietly increased the flat rate truckers can use to calculate meal expense deductions from \$15 to \$17 per meal in October.

“I took that as a good sign the government hasn’t forgotten about the trucking industry,” said Taylor.

However, in order to be successful, truckers will have to get on the ball immediately.

The federal budget could be announced as early as February, leaving little time to influence Flaherty.

Still, even if the campaign does not reach its intended goal in time for the budget, with an election looming, there’s still a chance to make the meal tax deduction limit a key election issue.

“We may be a little bit late, with all the things they’re going to be considering in this budget,” Ritchie told *Truck News*. “But this will be an ongoing campaign. If it doesn’t show up in this budget, I think we’re prepared to make this an election issue, along with some of the other issues.”

Taylor added the government could also change the deduction limit at a later date, and make it retroactive.

The importance of sending in a postcard cannot be understated, Ritchie stressed. She said government bodies have suggested that every piece of mail they receive represents the opinion of about 1,000 voters.

“They take this stuff pretty seriously,” she said. “For every person that goes to the trouble of mailing something back, there are probably another 1,000 out there that agree with them and just haven’t done it.” □