

TAX TALKS

Australia's Tax News Podcast - The Podcast for Australian Tax Professionals

The following information is only of a general nature and should not be taken as professional advice.

29 | Car Parking Fringe Benefits

Car parking fringe benefits provided by an employer to an employee might be subject to FBT. If – and this is a big IF – only if there is commercial all-day parking within a 1km radius of the employer's premises. This is good news. It means that most employers in outer suburbs and the country will never have to worry about car parking fringe benefits.

But this is also how car parking can suddenly turn into a huge FBT headache. An employer might have provided car parking for decades. Never subject to FBT. And nothing changed. The patch of dirt or concrete is still the same. But urban sprawl and population growth put a new commercial car park a few blocks down the road. And so suddenly without even realising our employer is subject to FBT.

Car Parking Fringe Benefits

To listen while you drive, walk or work, just access the episode through a podcast app on your mobile phone.

Car parking fringe benefits arise under s 39A FBTAA if on a given day:

- a) Employees use their cars to travel between home and work and park on the employer's or associated business premises for more than 4 hours between 7am and 7pm.
- b) They have a primary place of employment and the parking is at or in the vicinity of that primary place of employment.
- c) The employer provides the car parking in respect of this employment.
- d) The employees own or lease or otherwise have the cars under their control.
- e) There is commercial parking within a 1km radius of these premises that charges at least \$8.48 or more.

If all of these apply, the employer provides car parking fringe benefits.

TR 96/26 provides detailed commentary on the ATO's views on car parking fringe benefits.

Car parking fringe benefits only occur when the employer or an associate provide or arrange the car parking. If the employer just reimburses the employee for car parking expenses, it is an expense payment fringe benefit.

Exemptions

The following car parking fringe benefits are exempt:

- car parking provided to disabled employees

- car parking provided to employees of non-profit scientific, religious, charitable and public educational institutions (s58G(2) FBTA)A)
- car parking provided by a small business employer (s 58GA)

Taxable Value

To calculate the taxable value of car parking fringe benefits first calculate the number of benefits and then determine the value of these benefits.

There are three different methods to calculate the number of benefits and also three different methods to value these benefits. So all up there are nine different options to calculate the taxable value of any car parking fringe benefit.

Number of benefits

To calculate the number of car parking benefits during a year, you can use one of three methods: Actual number provided – Statutory formula – or 12-week register method. You can elect to use any method. If you fail to elect a method, you need to keep records to determine the actual number.

Actual Number Provided s39C FBTA)A (Default)

Keep records of the actual records of the number of benefits provided. This method is the default method if no election is made.

Note: It is possible for one car parking space to give rise to more than one car parking benefit, where two cars are parked for more than four hours each in same space.

Statutory Formula s39FA FBTA)A

This method is based on the number of car spaces available, the number of employees for whom parking is provided and a fixed statutory number of 288 days on which the benefit is deemed to have been provided. An employer may elect to use this method to cover some or all of the benefits provided and must specify whether an election covers all employees, particular employees, or all employees of a particular class.

12-Week Register s39G BFTA)A

The employer keeps the register for a continuous period of 12 weeks to determine the total number of car parking benefits for a FBT year. Separate registers maybe kept for different classes of employees.

Value of car parking benefits

You can elect any of these methods to value a car parking fringe benefit: Commercial Parking Station Method (Default) – Market Value – or Average Lowest Cost. If you don't elect a specific method, the commercial parking station method will automatically apply.

Commercial Parking Station Method s39C FBTA)A (Default)

Under this method, you record and apply the lowest all-day fee charged during daylight in the ordinary course of business by any commercial car located within one-kilometre radius of the employer-provided parking. This is the default method if no election is made.

Market Value s39D FBTA

The taxable value is the amount that the recipient could reasonably be expected to pay for the benefit if the provider and recipient were dealing at arm's length. A suitably qualified valuer must value the benefit before the date of lodgment of the FBT return for the year. See TR 96/26 for further discussion.

Average Lowest Cost s39DA FBTA

You calculate the average of the lowest fees charged to members of the public for all-day parking by a commercial car parking station within a one-kilometre radius of parking facilities on the first and last day in an FBT year.

Otherwise Deductible Rule

The otherwise deductible rule does not apply to car parking fringe benefits, but applies to expense payment fringe benefits. So if the employee doesn't receive car parking as such, but receives an reimbursement for the cost of car parking, then the otherwise deductible rule does apply.

Employee's Contributions

An employee's contributions reduces the taxable value of a car parking fringe benefit.

Business Percentage

No reductions in taxable value are available for business use percentage. So even if the employer provides car parking solely for business purposes, the full car parking fringe benefit is subject to FBT.

MORE

[Fringe Benefits Tax](#)

[Meal Entertainment Fringe Benefits](#)

[Payroll Tax](#)

Disclaimer: *Tax Talks does not provide financial or tax advice. This applies to these show notes as well as the actual podcast interview. All information on Tax Talks is provided for entertainment purposes only and might no longer be up to date. You should seek professional accredited tax and financial advice when considering whether the information is suitable to your or your client's personal circumstances.*

The information above is for general information only and should not be taken as constituting professional advice from Tax Talks. We are not a financial, legal or tax adviser. You should consider seeking independent legal, financial, taxation or other advice to check how the above information relates to your unique circumstances.