

Car parking



Research conducted by Mercer during 2008 suggested that 86% of organisations provide car parking to at least some of their employees. Employer-provided car parking facilities are subject to FBT under certain circumstances. **For the FBT year commencing 1 April 2008, FBT is payable if car parking facilities are provided by an employer within a one kilometre radius of a commercial car park that charges more than \$7.07 per day.** This replaces the amount of \$6.78 that applied in the previous FBT year.

Car parking benefits provided by small business employers have been exempt from FBT since 1 April 1997, in accordance with the provisions of the *Taxation Laws Amendment Bill (No 6) 1997*.

Calculating the FBT on parking

Once it has been established that FBT applies, an organisation may choose from five methods for calculating the taxable value of the car parking benefit.

1. Commercial parking station method

The taxable value of the car parking benefit per day is deemed to be equivalent to the lowest daily fee charged by any commercial car parking operator which is available to the public and located within one kilometre of the employer-provided parking. This value can also be calculated as an average of lowest parking fees charged over the FBT year.

2. Market value method

The taxable value of the car parking benefit is the market value of the parking provided, as assessed by a qualified and independent valuer.

3. Average cost method

The taxable value of car parking fringe benefits is determined by reference to the average of the lowest fees charged to members of the public by any operator of a 'commercial parking station' within a one kilometre radius of the employer's premises on particular days, usually the first and last days of the relevant FBT year.

4. 12-week register method

To apply the 12-week register method, the taxable value of the car parking benefits provided during an FBT year is calculated on the basis of the taxable value of the benefits provided during a continuous 12-week period.

5. Statutory formula method

The statutory formula is based on the number of car parking spaces an employer has available for employee parking, the cost of those spaces, and on 228 days on which the benefit is deemed to have been provided.

Example

The steps involved in calculating the FBT on parking are illustrated in the following example:

1. Decide if FBT applies

An employee is provided with parking in the basement of the city building in which their office is located. There is a commercial car park located 700 metres away and the cheapest rate charged there is \$10 per day.

FBT will apply.

2. Determine taxable value of the benefit

Using the cheapest commercial parking rate method, and assuming the employee uses the park for 228 days in the year, the taxable value of the benefit is:

$$\$10 \times 228 = \$2,280$$

3. Apply gross-up factor

This value is grossed up by 2.0647 to result in an FBT taxable value of:

$$\$2,280 \times 2.0647 = \$4,708$$

4. Apply FBT

FBT of 46.5% is applied to the taxable value of the parking to determine the tax that must be paid. The FBT payable on the parking is:

$$\$4,708 \times 0.465 = \$2,189.$$