



## CHAPTER 16 – Car parking fringe benefits (Draft for comment)

### Relying on this draft Chapter

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### 16.1 What is a car parking benefit?

The general rule is that if you provide your employee or their associate with a car space at a work car park, you may be providing them a car parking benefit. The car space can be on your business premises, or you may organise for your employee (or their associate) to park a car somewhere else. For example, you may have an agreement with the owner of a parking station to provide **car spaces** at their parking station to your employees.

This Chapter provides you with more information and examples that relate to Draft Taxation Ruling [TR 2019/D5](#) *Fringe benefits tax: car parking benefits*. Terms in **bold** are defined or discussed in that draft Ruling.

As with any fringe benefit, as the employer, you are required to calculate and meet the fringe benefits tax (FBT) liability for any car parking benefits provided to your employees.

You provide a car parking benefit when all of the following apply:

- A **work car park** is provided to your employee or their associate in respect of their employment, to use on a day between 7.00am–7.00pm.
- Your employee or their associate uses the work car park to park a car in a **car space** for a **minimum parking period**.
- The work car park is located at or near the employee's **primary place of employment** on that day.
- The **car** (including a van, utility, sports utility vehicle, all-wheel drive vehicles or similar vehicles designed to carry a load of less than one tonne and fewer than nine passengers) must be:
  - owned by the employee (or their associate; for example, a spouse)
  - made available to the employee or their associate
  - a pool car, or
  - provided to the employee under a salary packaging arrangement.
- The employee must have used that car to commute between their **place of residence** and their primary place of employment on the day the car is parked.

- Within a one-kilometre radius of the work car park is a **commercial parking station** and the **lowest representative fee** charged by the commercial parking station is above the car parking threshold.
- The car space is not a disabled parking space that the employee is entitled to use on that day.

If the benefit you provide is not a car parking benefit, you may still provide another benefit subject to FBT such as a car parking expense payment benefit (see section [9.9](#)). If you provide a car space to an employee and it does not meet the requirements of a car parking benefit (and it is not a car parking expense payment benefit) you do not need to pay FBT on that benefit (see sections [9.8](#) and [18.11](#)).

Some types of organisations, such as charities, government and educational or scientific institutions do not need to pay FBT on car spaces they provide (see section [16.3.2](#)).

**See also:**

- Draft Taxation Ruling [TR 2019/D5](#) *Fringe benefits tax: car parking benefits*
- section [39A](#) of the *Fringe Benefits Tax Assessment Act 1986* (FBTAA)
- section [12](#) of the *Fringe Benefits Tax Assessment Regulations 2018*

**Table 1: Working out if you provide a car parking benefit**

The following table helps you determine if a car parking benefit is provided to your employee.

	Action	Detail	Decision
<b>Step 1</b>	Are you an exempt employer?	Section <a href="#">16.3.2</a> discusses the exemption that applies to certain employers.	No: go to <a href="#">Step 2</a> . Yes: go to <a href="#">Step 14</a> .
<b>Step 2</b>	Are you a small business employer or was your total income for the last income year less than \$10 million?	Section <a href="#">16.3.3</a> discusses when this exemption may apply.	No: go to <a href="#">Step 3</a> . Yes: if the work car park is not a commercial parking station and you are not a listed public company (or subsidiary of one), you do not pay FBT on the car space. If you do not satisfy these requirements, go to <a href="#">Step 3</a> .
<b>Step 3</b>	Is the vehicle being parked a car?	Section <a href="#">16.1.4</a> discusses the definition of car.	No: go to <a href="#">Step 14</a> . Yes: go to <a href="#">Step 4</a> .
<b>Step 4</b>	Did your employee drive the car between their place of residence and their primary place of employment at least once on the day?	Section <a href="#">16.1.5</a> discusses this requirement.	No: go to <a href="#">Step 14</a> . Yes: go to <a href="#">Step 5</a> .

<b>Step 5</b>	Has a work car park been provided to your employee or their associate in respect of the employee's employment?	Section <a href="#">16.1.1</a> discusses work car park.	No: go to <a href="#">Step 14</a> . Yes: go to <a href="#">Step 6</a> .
<b>Step 6</b>	Does your employee or their associate park between 7.00am–7.00pm in the car space at the work car park for the minimum parking period?	Section <a href="#">16.1.2</a> discusses the minimum parking period.	No: go to <a href="#">Step 14</a> . Yes: go to <a href="#">Step 7</a> .
<b>Step 7</b>	Is the work car park at or near the employee's primary place of employment?	Section <a href="#">16.1.3</a> discusses the employee's primary place of employment on the day and when a work car park is 'near' that place.	No: go to <a href="#">Step 14</a> . Yes: go to <a href="#">Step 8</a> .
<b>Step 8</b>	Do you reimburse your employee or pay the car parking expense at the work car park on behalf of your employee?	Section <a href="#">9.9</a> discusses car parking expense payment benefits.	No: go to <a href="#">Step 9</a> . Yes: you do not provide a car parking benefit but may provide a car parking expense payment benefit. Go to <a href="#">Chapter 9</a> .
<b>Step 9</b>	Is there a commercial parking station within a one kilometre radius of the work car park?	Section <a href="#">16.1.6</a> discusses the radius. Section <a href="#">16.1.6.1</a> discusses commercial parking stations and section <a href="#">16.1.6.2</a> discusses the fees the parking station must charge.	No: go to <a href="#">Step 14</a> . Yes: go to <a href="#">Step 10</a> .
<b>Step 10</b>	Is the lowest representative fee for a commercial parking station above the car parking threshold?	For the current car parking threshold, refer to <a href="#">Fringe benefits tax – rates and thresholds</a> . Section <a href="#">16.1.7</a> discusses lowest representative fee.	No: go to <a href="#">Step 14</a> . Yes: go to <a href="#">Step 11</a> .
<b>Step 11</b>	Is the car space a disabled parking space?	Section <a href="#">16.3.1</a> discusses when you do not pay FBT on disabled parking spaces.	No: go to <a href="#">Step 12</a> . Yes: go to <a href="#">Step 14</a> .
<b>Step 12</b>	Is the value of the car space less than \$300 and provided on an ad hoc basis?	Section <a href="#">20.8</a> discusses the minor benefits exemption.	No: go to <a href="#">Step 13</a> . Yes: The benefit (the car space) you provide is exempt from FBT.
<b>Step 13</b>	You provide a car parking benefit.	Section <a href="#">16.2</a> discusses how to work out the taxable value.	Work out the taxable value of the benefit you provide. Go to <a href="#">Table 2</a> .

<b>Step 14</b>	The <b>car space</b> you provide is not a car parking benefit.	<a href="#">Chapter 17</a> discusses when a benefit may be a property fringe benefit. Section <a href="#">9.9</a> discusses when a <b>car space</b> is an eligible car parking expense payment benefit.	Determine whether the <b>car space</b> you provide gives rise to a property fringe benefit or an eligible car parking expense payment benefit. If it doesn't, the <b>car space</b> is a residual benefit and you do not pay FBT on the <b>car space</b> .
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### 16.1.1 Work car park provided between 7.00am–7.00pm

A work car park is any space that you provide (or you organise for someone else to provide) to your employees or their associates for them to park a car in a car space.

A car space is a space where a car can reasonably be parked. It does not need to be on bitumen or a paved surface and does not need to be marked as a parking bay.

A work car park can be located on your business premises or a premises that you use and control. For example, you might decide to lease an empty lot near your business to provide parking for your employees. However, a work car park cannot be at your employee's place of residence (for example, their driveway). If you provided more than one work car park for your employees to use, you must test whether each work car park separately meets all of the requirements in section [16.1](#).

A work car park:

- can be a commercial parking station (if you leased or made an agreement with the owner of the commercial parking station for your employees or their associates to park there) but it doesn't need to be a commercial parking station
- can be the area where pool cars or fleet cars are parked
- doesn't need to be operated with an intention to make a profit
- is not an area set aside in a car yard for the display of cars (that are items of trading stock) by a car dealer.

Not every car space provided in a work car park is subject to FBT. See sections [16.1.2](#) to [16.1.7](#) for additional requirements.

#### **Example 1 – provider of the car space**

*Delilah Pty Ltd has an arrangement with Parky Ltd under which Delilah has exclusive occupancy rights to four car spaces under Parky Ltd's business premises. Parky is obliged to provide the spaces free of charge to Delilah's employees.*

*Because Delilah Pty Ltd has made the arrangement, it provides a benefit to its employees and, if the remainder of the conditions are satisfied, Delilah will be liable for FBT.*

**See also:**

- subparagraph [39A\(a\)\(i\)](#) of the FBTAA
- definition of 'associated premises' and 'business premises' in subsection [136\(1\)](#) of the FBTAA
- Taxation Ruling [TR 2000/4](#) *Fringe benefits tax: meaning of 'business premises'*

### 16.1.2 Minimum parking period

To get a benefit, the employee (or associate) must park a car in a work car park for the minimum parking period during the day.

One work car park may give rise to more than one benefit, for example, where two employees each park their car for the minimum parking period in the same work car park on a given day.

The minimum parking period is more than four hours. This is a cumulative period, so the car may come and go during the day. Parking in different work car parks also counts toward the minimum parking period, as long as each work car park satisfies the requirements in sections [16.1.3](#), [16.1.6](#) and [16.1.7](#).

When counting the time parked, only consider the times between 7.00am–7.00pm on that day. For example, if you provide parking for an employee working between 4.00pm and 11.00pm, this counts as three hours on the day (between 4.00pm–7.00pm), so the minimum parking period is not satisfied.

#### **Example 2 – minimum parking period requirement**

*Alan is employed by Bearly Ltd and generally performs his duties at Bearly Ltd's regional business premises (an office). Alan drives a pool car from home to work and parks it at a car space provided by Bearly Ltd, near their regional business premises. After the car is parked, it is made available to other employees of Bearly Ltd. Various employees use the car on the day so that, in total, the car is not parked at the work car park for more than four hours.*

*No car parking benefit arises because the car is not parked at the parking provided by Bearly Ltd for a total period of more than four hours on the day.*

#### **Example 3 – car pooling work car park**

*Car T is a pool car. George books Car T on Monday and removes it from the employer's car pool parking bay at 12.00pm for a series of client visits. George travels from the various client premises to his home and garages the car at home on Monday night.*

*George does not receive a car parking benefit for Car T in the car pool parking bay on Monday. This is because George did not use Car T to travel between home and his place of employment on Monday; instead he travelled between one of his client's premises and his home. His client's premises was not his primary place of employment on that day.*

*On Tuesday George drives Car T to work and returns it to the car pool parking bay by 9.00am.*

*Car T is available for booking for the rest of Tuesday, and remains in the car pool parking bay between 9.00am–2.00pm. Between 2.00pm–4.00pm Car T is used by another employee for a short audit activity at a client's business premises. The employee returns the car to its bay at 4.00pm, where it remains until the next day.*

*A car parking benefit arises for providing the work car park for parking of Car T in the basement car park on Tuesday because George drove Car T from home to work on Tuesday and Car T was in the work car park for more than four hours. A car fringe benefit is also provided in respect of Car T (see [Chapter 7](#)).*

#### **See also:**

- paragraph [39A\(1\)\(b\)](#) of the FBTAA

### 16.1.3 Location of the work car park

The work car park must be located at or near to the employee's primary place of employment on the relevant day. Where the work car park is located at the primary place of employment, this requirement is satisfied. Where the work car park is not at the primary place of employment but in the vicinity of, or near to the primary place of employment, it will be more difficult to determine whether the work car park is near enough. The work car park and the place of employment must be in close spatial and geographical proximity to each other.

#### **Example 4a – car park not near place of employment**

*One of your employees lives on Hamilton Island but works on Dent Island. You provide the employee with a work car park on Hamilton Island. The employee uses the car park on Hamilton Island and then commutes to Dent Island.*

*The car park (on Hamilton Island) is at a distance of four and a half kilometres by, respectively, road and ferry to the place of employment on Dent Island. A buggy and ferry service is provided to transport the employee between the car park and the Dent Island office (and back) which takes approximately 30–40 minutes (this excludes waiting time where the ferry service is utilised by your employee).*

*The work car park is not considered near to, or in the vicinity of the Dent Island office as the car park and the place of employment are not in close spatial and geographical proximity to each other.*

#### **Example 4b – car park not near place of employment**

*You operate a coffee shop at an airport. Your employees are provided with a parking space located away from the airport terminal but within the airport precinct. The shortest route from the work car park to the coffee shop in the terminal building is approximately three kilometres. Employees are required to take a shuttle bus to the work car park. The shuttle bus trip takes 15–20 minutes, excluding waiting time. The shuttle bus stop is located just outside the coffee shop which employees use to get to their cars.*

*The work car park is not considered near to, or in the vicinity of the coffee shop as the car park and the place of employment are not in close spatial and geographical proximity to each other.*

#### **See also:**

- paragraph [39A\(1\)\(f\)](#) of the FBTAA

### 16.1.4 The definition of 'car'

Your employees must use the work car park to park a car.

Car includes a passenger vehicle, a sports utility vehicle, a van or utility vehicle designed to carry a load of less than one tonne and fewer than nine passengers.

The car may be:

- the employee's own
- provided to them under a salary packaging arrangement, or
- made available to them as a pool or fleet vehicle, which is owned or held by you.

### **Pool or fleet cars**

Pool or fleet cars are not permanently allocated to particular employees, and are predominantly provided for operational (that is, work) use. However, on occasion, an employee may use one to commute between their place of residence and their primary place of employment. When not in use, pool or fleet cars may be parked in a work car park.

FBT may, therefore, apply to parking for pool or fleet cars when the other requirements in section [16.1](#) are met. Examples 2 and 4 in the Explanatory Memorandum to the Taxation Laws Amendment (Car Parking) Bill 1992 illustrate that a car parking benefit can arise for pool cars parked in work car parks.

For there to be a car parking benefit, the pool car or fleet car must also be a car fringe benefit provided on that day. So on a day when a pool or fleet car is a car fringe benefit provided to your employee, providing a parking space for that car may also be a benefit. The requirements are the same as for an employee parking their own car. In addition, it doesn't matter if the employee returns the car to the pool during the parking period and it is no longer under their control (see [Example 3](#)) nor if the employee garages the pool car at their home overnight as they are on call. In these situations FBT may apply to parking of the pool or fleet car.

#### **See also:**

- section [7.1](#) What is a car fringe benefit?
- definition of 'car' in subsection [995-1\(1\)](#) of the *Income Tax Assessment Act 1997*
- [Explanatory Memorandum](#) to the Taxation Laws amendment (Car Parking) Bill 1992

### **Example 5 – pool cars**

*Geoff, an employee of Silverserve Pty Ltd undertakes a regional trip for his job. He takes a Silverserve Pty Ltd pool car on the trip. The car is normally parked in Silverserve's basement work car park.*

*The car is parked in the basement for more than four hours on Monday, until Geoff takes it home on Monday evening. He drives it to the country the next day. Geoff returns home with the car on Tuesday evening, then returns the car to the pool on arrival at work Wednesday morning. The car remains in the work car park for more than four hours on Wednesday.*

*The car is a benefit provided to Geoff on Monday and Wednesday. In addition, Geoff received a car parking benefit on the day he left his usual place of employment (Monday) and on the day he returned (Wednesday). It didn't matter that the car was subject to the complete control of Silverserve Pty Ltd for most of Monday and Wednesday.*

### **16.1.5 Commuting between the place of residence and the place of employment**

For your employees to receive a car parking benefit on a day, they must travel between their place of residence and their primary place of employment – either before or after work.

The trip does not need to be a direct trip between their place of residence and place of employment to count. For example, an employee may use the car to travel between home and work, but may stop at shops on the way home or pick up a child from child care. In both instances, the car is still considered to be used 'in connection with' travel between their place of residence and primary place of employment.

In this case, place of residence has a wider meaning than the place where the employee resides (lives). It can include a place where the employee has temporary sleeping accommodation, such as a hotel or serviced apartment. For example, your employee may ordinarily reside in Sydney, but use their car to travel to Canberra to work temporarily, and to drive between their hotel and your

Canberra business premises while they are there. In this instance, the car is used in connection with travel between the place where they (temporarily) reside and their primary place of employment on the day.

**See also:**

- paragraph [39A\(1\)\(g\)](#) of the FBTAA

**16.1.6 Is there a commercial parking station within a one-kilometre radius of the work car park?**

Not every car park qualifies as a commercial parking station (see section [16.1.6.1](#)). If there is no commercial parking station within the one-kilometre radius of the work car park, a car parking benefit does not arise.

Measure the one-kilometre radius from the closest car entrances to the work car park and the commercial parking station. Use the shortest practicable route from one car park entrance to the other. The travel may be by foot, car, train or boat; whichever produces the shortest route. Where the shortest route can be travelled on foot, public thoroughfares such as arcades through shopping centres should be utilised in determining the distance.

An illegal or impractical shortcut through private property is not considered a practicable route. A route that is not available for an extended period of time is not a practicable route. For example, if a river crossing existed and was measured as part of a practicable route, should that river crossing be destroyed via a natural disaster, the river crossing will no longer be considered to be part of that practicable route until it is restored.

The one-kilometre radius may be measured by using an odometer reading, information available online (such as images), by measurement on a scale map or any other method (such as an application or tracking on a mobile device) that gives a correct indication.

A new commercial parking station may be established in a particular location where previously there was none. If the new commercial parking station charges an all-day parking fee above the car parking threshold, a new FBT liability may be created for employers within a one-kilometre radius that provide car parking to their employees. In these circumstances, where no other commercial parking stations exist within the one-kilometre radius on the first business day of the FBT year, car parking benefits arise from the beginning of the next FBT year.

**16.1.6.1 When does a commercial parking station qualify?**

A commercial parking station must meet all of the following requirements.

- It must be a permanent commercial car parking facility (not a temporary or a ‘pop up’ car park).
- It must offer parking to the public on the relevant day. This means that the parking is offered to any member of the public (or section of the public) who accepts the car park terms and conditions or restrictions, for example, entering into a lease for a car space. It doesn’t matter if your employees could or would actually use the car park.
- It must offer all-day parking, so a single car may park for a continuous period of at least six hours, between the hours of 7.00am–7.00pm.
- It must charge a fee for all-day parking.
- It must offer car parking in the ordinary course of business.



A commercial parking station is not on-street parking – parking on a street, road, lane, thoroughfare or footpath (or similar) where you pay for the parking using a meter or where you obtain a voucher (such as ‘pay and display’ parking).

The commercial parking station must offer all-day parking in the ordinary course of business which may include a car parking facility operated by a not-for-profit organisation, such as a hospital, government agency or charity.

A car parking facility may still qualify as a commercial parking station even if the facility has another purpose other than providing all-day parking, or if it is a dual-purpose parking facility. For example, a shopping centre operator runs a car park as part of their operations – to be used by shopping centre patrons and local commuters as part of a park and ride scheme. In this case, the shopping centre car park is a commercial parking station. In another example, an inner city hospital offers parking to the public – whilst the majority of its parking spaces are reserved for medical staff, a small proportion of left over spaces are made available to the public for all-day parking. In this case, the hospital car park is also considered to be a commercial parking station.

#### **16.1.6.2 Fees for all-day parking**

A commercial parking station must charge a fee for all-day parking that cannot be nil. It must charge a fee that indicates that the car park is run to make a profit, but does not need to be market value. It does not matter if the fee is above the market rate, so long as the public is willing to pay the fee to park there.

The all-day parking fee doesn't have to be advertised. The fee may be payable by purchasing a pass that gives a member of the public access to the car park through a boom gate. The daily rate for all-day parking may vary due to early bird or online discounts or other types of fees that are charged (for example, hourly rates). It does not matter whether the all-day parking is booked out on the relevant day.

#### *Example 6 – commercial parking station comparison*

*Towers Pty Ltd purchases three properties to build apartments, but makes the properties available (through various arrangements) for parking while obtaining the approvals. It is not known how long the approvals will take from the outset.*

#### Property 1 – lacks permanency

*Property 1 is a vacant block of land with an unsealed surface, no marked parking bays and no signs that advertise parking on the premises. Towers Pty Ltd advertises the parking on its website and offers monthly parking rates that are substantially similar to monthly rates charged by comparable parking facilities nearby. Fees are paid via a monthly direct debit arrangement. Users of the car park are notified at the outset that availability of parking at Property 1 is temporary and direct debit arrangements only run month to month. Users are notified that Property 1 will only be available to them whilst building approvals are being sought.*

*The car park at Property 1 does not meet the definition of a commercial parking station. Property 1 lacks permanency. Property 1 is only made temporarily available to the public whilst the building approvals are obtained.*

#### Property 2 – commercial parking station

*Property 2 is an office building with sealed car spaces that were used by employees of the previous tenants. Towers Pty Ltd leases the property to Compark Ltd and enters into the lease on*

*a monthly basis. Compark Ltd is a well-known parking provider in the area. Compark Ltd charges a fee for daily all-day parking that is comparable with amounts charged for equivalent parking at nearby commercial parking stations. It also advertises parking spaces to the public on their website, and installs parking signs and a pay and display machine on the property. Property 2 meets the requirements of a commercial parking station.*

#### Property 3 – commercial parking station

*Property 3 is a multi-level car park with a sealed surface, marked bays, and on-premises signs that advertise parking spaces to the public for a fee. Property 3 was operated by the previous owner, MrPark Ltd, as a commercial parking station. While Towers Pty Ltd awaits the building approvals, it leases the premises back to MrPark Ltd on a month to month lease. MrPark Ltd continues to advertise the parking on their website for the same fees charged prior to the change in ownership of Property 3. Property 3 meets the requirements of a commercial parking station.*

#### *Example 7 – commercial parking station – commerciality of arrangement*

*A residential apartment complex has car spaces that are not being used by the residents. As investors own about half the apartments in the complex, the property manager arranges to lease the excess car spaces to a parking operator on their behalf. The property manager meets with numerous parking operators and negotiates terms with the parking operator who was able to present the best commercial deal to the owners of the apartments.*

*The operator advertises the parking on its website – the lowest daily rate is the same as that charged by nearby parking stations.*

*This is a commercial parking station. The nature of the arrangement and involvement of the property manager means that the car spaces are offered as part of a commercial business operation.*

#### *Example 8 – commercial parking station – car park sharing mobile apps*

*A mobile phone application, 'Park-it', allows individuals to list spaces available for the public to book a park.*

*Joe occasionally uses Park-it to list a space in his driveway as available for parking. When the driveway is not offered on Park-it it is not available for members of the public to park there. As a driveway is not a permanent car parking facility and is not offered in the ordinary course of Joe's business, it is not considered to be a commercial parking station.*

*Fancy Co is a marketing firm and also uses Park-it to list a space in its office complex. Fancy's office complex is in an area of the central business district where parking is at a premium. Generally parking in the complex is restricted to senior executives of Fancy Co. Frequently, (for example, when a senior executive takes annual leave), there are empty spaces. Fancy has a consistent policy of listing those empty spaces on Park-It. Fancy charges market value rates and on average, has a parking space listed and available on Park-It for at least 60% of the year.*

*The parking would be considered to be permanent and offered as part of Fancy's business (even though it is not its main business). Therefore, parking at Fancy Co's office complex would be considered to be a commercial parking station.*

*Example 9 – commercial parking station – above market rates*

*The Performing Arts Centre has a monopoly on all of the available off-street parking in a particular precinct of the central business district. It has purchased and operates all of the surrounding parking facilities.*

*Car Park 1 offers all-day parking to members of the public but at very expensive rates. A discounted car parking rate is available to members of the Performing Arts Centre ‘support program’. There is no limitation on who can become a member of the support program. There is no restriction on who can park at Car Park 1 and members of the support program are not given priority over non-members.*

*Car Park 2 is only available to members of the support program. Members of the support program can park at Car Park 2 all day.*

*Both Car Park 1 and Car Park 2 are commercial parking stations, despite the higher than average rates charged to non-members by Car Park 1 and limitations on who can park in Car Park 2. Members of the support program qualify as members of the public for the purposes of the meaning of commercial parking station.*

*Example 10 – commercial parking station – shopping centre car park*

*Snazzy Ltd leases car spaces at an all-day car parking facility adjacent to its business premises. The only car park within a one-kilometre radius of Snazzy’s premises is a shopping centre car park that operates between 6.00am and midnight. The shopping centre provides three-hour free parking if a purchase is made at the shopping centre and hourly rates if no purchase has been made. A commercial flat rate is charged for parking exceeding six hours.*

*The shopping centre car park is a commercial parking station as it makes all-day parking available to the public (the flat rate that applies for exceeding six hours parking) in the ordinary course of its business.*

**See also:**

- paragraph [39A\(1\)\(a\)\(ii\)](#) of the FBTAA
- section [39B](#) of the FBTAA
- [Explanatory Memorandum](#) to the Taxation Laws Amendment (Car Parking) Bill 1992
- definition of ‘commercial parking station’ in subsection [136\(1\)](#) of the FBTAA
- [WT 94/87 and Commissioner of Taxation](#) [1995] AATA 97

**16.1.7 Is the lowest fee for a commercial parking station above the car parking threshold?**

The lowest representative fee charged by a commercial parking station must be more than the car parking threshold on the first business day of the FBT year for a car parking benefit to arise. This fee may be different to the fee charged on the day the car is parked.

The fee for any particular day is not representative if it differs substantially from the average lowest fee usually charged for all-day parking by the same operator. The average fee is the average of fees charged during a four-week period beginning or ending on that particular day.

**See also:**

- [Fringe benefits tax – rates and thresholds](#)
- subparagraph [39A\(1\)\(a\)\(iii\)](#) of the FBTAA
- section [39AA](#) of the FBTAA

- section [39B](#) of the FBTAA

## 16.2 Calculating car parking fringe benefits

Once you determine that a car parking benefit is provided to your employee, you need to work out its taxable value. The law provides several ways in which you can calculate the taxable value.

**Table 2: Working out the taxable value**

The following table helps you to calculate and meet the FBT liability for a car parking benefit.

	Action	Detail	Decision
<b>Step 1</b>	Have you elected to value the total number of benefits you provide using either the Register method or the Spaces method prior to your FBT return due date?	Section <a href="#">16.2.2</a> discusses the requirements to be satisfied to make the election.	No: go to <a href="#">Step 2</a> Yes: If you elected to use the Register method, calculate the value of the benefits based on the register (section <a href="#">16.2.7</a> ). Go to <a href="#">Step 5</a> . If the register becomes invalid, go to <a href="#">Step 4</a> . If you elected to use the Spaces method, calculate the number of car spaces and value of the spaces (section <a href="#">16.2.8</a> ). Go to <a href="#">Step 5</a> .
<b>Step 2</b>	You must calculate the number of benefits you provide.	One car space can give rise to more than one benefit on a day if more than one car is parked in a space for more than four hours in total. Section <a href="#">16.2.3</a> outlines that you must keep records of the usage of the car spaces provided.	Go to <a href="#">Step 3</a> .
<b>Step 3</b>	Have you elected to value a benefit using the Market value method or Average cost method?	Section <a href="#">16.2.2</a> discusses the requirements to be satisfied to make the election.	No: go to Step 4. Yes: go to <a href="#">Step 5</a> . If your election is not valid go to <a href="#">Step 4</a> .
<b>Step 4</b>	Calculate the taxable value using the Commercial parking station method.	Sections <a href="#">16.2.4.1</a> to <a href="#">16.2.4.4</a> discuss how to identify the lowest daily fee.	This amount is the taxable value of the car parking fringe benefits you provide.

<b>Step 5</b>	Calculate the taxable value using the method you have chosen.	Section <a href="#">16.2.5</a> discusses the requirements for the Market value method. Section <a href="#">16.2.1</a> summarises the records you are required to keep for each of the methods. Section <a href="#">16.2.6.1</a> outlines how you calculate the average cost for the Average cost method.	This amount is the taxable value of the car parking fringe benefits you provide for those car spaces or employees covered by your election.
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### 16.2.1 Taxable value – summary of methods

There are five methods you can use to calculate the taxable value of a car parking fringe benefit. Each method has its own requirements. An overview of each method is provided here.

Method	Overview	Additional record-keeping requirements
<b>Commercial parking station method</b> (sections <a href="#">39C</a> and <a href="#">39E</a> of the FBTAA)	<ul style="list-style-type: none"> <li>Use this method unless you elect to use an alternative method.</li> <li>Keep records of actual number of car spaces provided.</li> <li>Identify the lowest fee charged by a commercial parking station for all-day parking (see sections <a href="#">16.2.4.1</a> to <a href="#">16.2.4.4</a>) within a one-kilometre radius of the work car park (see section <a href="#">16.1.6</a>). The lowest fee is the taxable value of the fringe benefit on each day, for each car space, provided it represents an arm's length fee (see section <a href="#">16.2.4.4</a>).</li> </ul>	<ul style="list-style-type: none"> <li>number of car parking benefits provided – remembering that one car space might give rise to more than one benefit on a day (for example, if a space provides parking for more than four hours for more than one car)</li> <li>the days when no car parking benefits arise for a car space (for example, where employees are absent) or the days that are not ordinary business days for your business</li> <li>evidence of the lowest fee for all-day parking at the relevant time</li> <li>an advertisement or a screenshot of the operator's website showing fees charged for the day and any conditions for the relevant fee (for example, the hours in which the fee was available)</li> <li>a record of the sign displayed at the entrance to the car park where it shows any conditions attached to the fees</li> </ul>

To use the following methods you must make an election (see section <a href="#">16.2.2</a> )		
<p><b>Market value method</b> (section <a href="#">39D</a> of the FBTA)</p>	<ul style="list-style-type: none"> <li>• Keep records of the actual number of car spaces provided.</li> <li>• Obtain a valuer's report (see section <a href="#">16.2.5.2</a>) from a qualified valuer (see section <a href="#">16.2.5.1</a>), which you need to receive before: <ul style="list-style-type: none"> <li>– your return is lodged or due to be lodged, or</li> <li>– 21 May if you do not have to lodge or</li> <li>– such further time that the Commissioner allows.</li> </ul> </li> </ul> <p>The taxable value for each benefit that you choose to value under this method is based on the valuer's report.</p>	<ul style="list-style-type: none"> <li>• number of car parking benefits provided – remembering that one car space might give rise to more than one benefit on a day (for example, if a space provides parking for more than four hours for more than one car)</li> <li>• the days when no car parking benefits arise for a car space (for example, where employees are absent) or the days that are not ordinary business days for your business</li> <li>• the valuer's report and the documentation you provided to the valuer</li> </ul>
<p><b>Average cost method</b> (sections <a href="#">39DA</a> and <a href="#">39E</a> of the FBTA)</p>	<ul style="list-style-type: none"> <li>• Keep records of actual number of car spaces provided.</li> <li>• Identify the lowest representative fee charged by a commercial parking station for all-day parking, (see sections <a href="#">16.2.4.2</a> to <a href="#">16.2.4.4</a>) within a one-kilometre radius of the work car park (see section <a href="#">16.1.6</a>) on the first and last days of the year, where car parking benefits are provided and calculate the average.</li> </ul> <p>That average fee is the taxable value of each benefit for each car space covered by your election.</p>	<ul style="list-style-type: none"> <li>• number of car parking benefits provided – remembering that one car space might give rise to more than one benefit on a day (for example, if a space provides parking for more than four hours for more than one car)</li> <li>• the days when no car parking benefits arise for a car space (for example, where employees are absent) or the days that are not ordinary business days for your business</li> <li>• evidence of the lowest fee for all-day parking at the relevant time</li> <li>• an advertisement or a screenshot of the operator's website showing fees charged for the day and any conditions for the relevant fee (for example, the hours in which the fee was available)</li> <li>• a record of the sign displayed at the entrance to the car park where it shows any conditions attached to the fees</li> </ul>

<p><b>Register method</b> (sections <a href="#">39G</a> to <a href="#">39GH</a> of the FBTAA)</p>	<ul style="list-style-type: none"> <li>You don't need to keep annual records of actual car spaces (see section <a href="#">16.2.7.1</a>).</li> <li>Every five years, you must record car spaces provided over a 12-week representative period (see section <a href="#">16.2.7.3</a>).</li> <li>The register must be representative (see section <a href="#">16.2.7.4</a>) and must contain certain details (see section <a href="#">16.2.7.2</a>).</li> <li>Work out the total taxable value of all benefits provided during the 12 weeks (to the employees covered by your election) you keep the register, using one of the methods above, and then calculate the taxable value of each individual benefit using the formula (see section <a href="#">16.2.7.5</a>).</li> </ul>	<ul style="list-style-type: none"> <li>records of actual car parking benefits provided during the register period (and every five years thereafter if there are no significant changes to usage) – remembering that one car space might give rise to more than one benefit on a day</li> <li>the register that is created representing the particular 12-week period</li> <li>records of how the value of the benefits that the register is based on were calculated and why the particular 12-week period was selected</li> <li>records that illustrate that the register was representative of usage for the first year in which it is valued</li> <li>evidence that the number of benefits has not increased by more than 10% since the register was kept (through ad hoc monitoring)</li> </ul>
<p><b>Spaces method</b> (sections <a href="#">39F</a> to <a href="#">39FE</a> of the FBTAA)</p>	<ul style="list-style-type: none"> <li>You calculate a daily rate amount using the commercial parking station method, the market value method or the average cost method.</li> <li>You then use the statutory formula to calculate the total value of all benefits provided to your employees covered by your election (see section <a href="#">16.2.8.1</a>).</li> </ul>	<ul style="list-style-type: none"> <li>evidence showing the actual number of employees who park at the work car park and number of spaces provided, where the number of car spaces exceeds employee numbers (see sections <a href="#">16.2.8.2</a> to <a href="#">16.2.8.3</a>)</li> <li>evidence showing that the fee is representative</li> <li>evidence showing the first and last day the car spaces in the work car park were available</li> <li>evidence showing the number of employees and spaces at the beginning and end of the FBT year</li> <li>other evidence required to support the method chosen to value the benefit</li> </ul>

### 16.2.2 Making an election

You must use the Commercial parking station method unless you elect to use an alternative method. You may elect to use different methods in different years.

If you elect to use an alternative method, your election can be in writing or be established by your calculations.

If you elect to use the Market value or Average cost method, your calculations should demonstrate:

- whether it applies to any or all of your car spaces and
- the daily value of the car spaces.

If you elect to use the Spaces method or the Register method, your calculations should demonstrate:

- whether the election made applies to all employees, particular employees or a class of employees (for example, only covers those employees that do not travel for work once they arrive at their primary place of employment for the day), and
- the number of car spaces available to be used by employees.

Where you elect to calculate only certain benefits under a particular method, the amount calculated under the method chosen is the total taxable value for employees covered by the election.

After you lodge your FBT return, you cannot change the method used to value a car parking fringe benefit, or revoke your election. However, in certain specific circumstances, the Commissioner may allow you to value the benefit using the Commercial parking station method instead of one of the other methods elected.

### 16.2.3 Record keeping

You need to keep records with enough details in them so that if asked, you can show how you arrived at the taxable value of the car parking fringe benefits. You need to retain these records for five years.

#### See also:

- section [132](#) of the FBTAA
- [Chapter 4](#) on FBT record keeping
- section [16.2.7.1](#) for record-keeping requirements when using the Register method.

### 16.2.4 Commercial parking station method

#### **16.2.4.1 Commercial parking station method – identifying the lowest fee on each day**

The taxable value of a car parking fringe benefit is the lowest fee charged for all-day parking on that day by any commercial parking station within a one-kilometre radius of the work car park. This is reduced by any amount the employee pays towards the cost of the fringe benefit. This must be done on each day a car parking benefit is provided.

#### **16.2.4.2 Commercial parking station method – working out the lowest daily fee from periodic fees**

Where all-day parking fees are paid for on a periodic basis, you can determine an equivalent daily rate by dividing the total fee by the number of business days in the period (which includes the day the work car park is provided). For this purpose, a business day is a day other than a Saturday, Sunday or public holiday for the State or Territory where the commercial parking station is located. For example, if a commercial parking station offers all-day parking for \$12 a day or \$50 a week, the lowest all-day parking fee charged by that parking station is \$10 (\$50 weekly rate ÷ five business days).



#### **16.2.4.3 Commercial parking station method – the lowest daily fee based on an early bird rate**

The lowest fee charged may include fees charged on early bird parking or car pooling arrangements, where a reasonable number of car spaces are set aside for those purposes.

##### *Example 11 – lowest fee is the early bird rate*

*Apex Parking charges \$18 a day for early bird parking (entry before 7.30am), \$10 hourly from 7.30am–6.00pm with a maximum fee of \$50 for the day and a \$9 flat rate for cars parked between 6.00pm and midnight. If someone pre-books their early bird parking online, Apex Parking charges \$17 for the day, but there is a \$2 booking fee (so the overall fee is \$19).*

*The lowest fee charged by Apex Parking between 7.00am–7.00pm is \$18 and this is used in calculating the taxable value under the Commercial parking station method.*

#### **16.2.4.4 Commercial parking station method – restrictions on the lowest daily fee**

The lowest fee charged cannot be:

- nil
- a fee charged to store a car for a long term fixed period (such a fee is not a fee for daily parking as it prevents a vehicle from being removed from the storage bay on a daily basis)
- a fee that is not available on the day that the space is provided

There are rules that prevent manipulation of the lowest daily fee. For example, the lowest daily fee must be set aside and replaced if the fee:

- is set for the main purpose of reducing FBT
- comes about because the operator and the customer were not at arm's length.

##### *Example 12 – lowest fee*

*Qstore Pty Ltd is working out the taxable value of the car parking fringe benefits it has provided to its employees.*

*There are two commercial parking stations within one kilometre of the work car park. At the beginning of the 2019 FBT year, one commercial parking station charges \$5.50 a day, and the other charges \$9 a day. Since there is a commercial parking station that charges more than the car parking threshold of \$8.83, there is a car parking benefit. In calculating the taxable value, Qstore can use the lower rate of \$5.50.*

##### *Example 13 – daily rate equivalent*

*Rent-a-spot is a commercial parking station. Its all-day parking fees get lower the more someone parks there. Rent-a-spot customers can prepay at these lower rates for up to 25 business days. Cars, including those on longer term rates, are able to enter and exit multiple times a day.*

*A customer who parks their car at Rent-a-spot for 25 business days pays \$309.*

To work out the daily rate equivalent for 25 days' parking at Rent-a-spot, divide the total by the business days.

$$\begin{aligned} & \text{Total fee} \div \text{Business days in period} \\ & \$309 \div 25 = \$12.36 \end{aligned}$$

The lowest rate charged for all-day parking on a particular day by Rent-a-spot is \$12.36.

## **16.2.5 Market value method**

### **16.2.5.1 Market value method – qualified valuer**

To use the Market value method, you must obtain a valuation report from a suitably qualified valuer before you lodge your FBT return for the year.

A suitably qualified valuer is a person with expertise in valuing parking facilities, either through relevant experience or by attaining relevant professional qualifications. The valuer must be dealing with you at arm's length for the valuation.

There is no requirement that the valuer be registered, and registration on its own does not mean that the valuer is suitably qualified. A person who is acceptable as an expert witness on the issue of valuing parking facilities before a court or tribunal is a suitably qualified valuer.

There may be one or more methodologies for working out the value of the car parking benefit. The suitably qualified valuer determines the valuation methodologies (based on valuation industry standards and the available data) to use for the market valuation and considers the matters to take into account. The market valuation may differ from the actual rates charged for the work car park.

#### **See also:**

- [Market valuation for tax purposes](#)

### **16.2.5.2 Market value method – details required for a valuation report**

A valuation report should include:

- a description of the car space, including the precise description of the location of the work car park valued (either the street address or block and section number)
- a list of the car parks on which the valuation is based (with information on locality, grading, price, and weighting)
- the purpose and context of valuation
- the date of valuation
- method or methods used
- the specific value, including the number of car spaces at different car parks valued, and the value of the car spaces based on a daily rate
- information and assumptions used for the valuation
- material risks
- any use of previous valuations
- explanation of material differences between valuation and value of car parks near the work car park or differences between current to previous valuations
- expert reports and the use of experts including sufficient detail to confirm that the expert is sufficiently qualified and they are at arm's length in relation to the valuation

- the terms of engagement and the relationship between you and the valuer including a declaration stating that the valuer is at arm's length in relation to the valuation
- working papers
- disclaimers and indemnities that affect the valuation process
- the valuer's details and signature, that is, the full name of the valuer and a description of their qualifications as a valuer.

The following factors may be relevant when considering a valuation:

- the cost and availability of a car space at a commercial parking station of a similar standard near to the car park being valued
- the impact of monopolies or market forces
- recent economic trends and anomalies.

**See also:**

- [Valuation reports](#)

### **16.2.5.3 Market value method – things to keep in mind**

When engaging a valuer, it is important to keep in mind:

- It is your responsibility to get the taxable value of the car parking benefit correct, even where you rely on a valuation report.
- If you doubt whether the valuation was correct (or whether the valuer is qualified), check and ask for more information. For example, a reasonable person would be expected to seek more information where the fee provided in the report is substantially less than the known fees charged in the area or where the fee is for a property which is not known to be available for parking by members of the public.
- You should engage a valuer who is suitably qualified. If you doubt whether the valuer is suitably qualified, [approach us](#) and we will assist you.
- The valuer needs to make the valuation without any undue commercial or personal influence, interference or direction from you.
- You need to obtain the valuer's report annually before the date of lodgment of your FBT return for that year, or such later date as the Commissioner allows.

#### *Example 14 – non-arm's length valuation*

*Sue has been employed for five years by Undercover Parking as a sales manager. Her duties include assessing the value of car parking facilities managed by Undercover and determining the price charged to commercial clients. Although she has no formal qualifications in property valuation, she is considered a suitably qualified valuer based on her experience. Sue is asked by her manager, in the ordinary course of her duties, to prepare a market valuation.*

*Undercover Parking cannot rely on a valuation prepared by Sue. Sue is an employee of Undercover Parking and is contracted, as an employee, to act under the direction and control of Undercover Parking in providing the valuation. Sue cannot, given the nature of her relationship with Undercover Parking, provide an arm's length valuation.*

## 16.2.6 Average cost method

### 16.2.6.1 Average cost method – calculating the average cost

To calculate the average of the lowest fees, use the following formula:

$$\frac{\text{Lowest representative fee for the first day the car parking benefit is provided in the FBT year} + \text{Lowest representative fee for the last day the car parking benefit is provided in the FBT year}}{2}$$

You must use representative parking fees for this method. The fee for any particular day is not representative if it differs substantially from the average lowest fee ordinarily charged for all-day parking at a commercial parking station. You can compare the fee for a particular day with the average fee charged during a four-week period beginning or ending on that day.

To average the lowest fees charged on each of the relevant days, you do not need to use the fees charged by the same commercial parking station. If there is more than one commercial parking station operator within a one-kilometre radius of the relevant premises, you may use the lowest fee charged by any of the operators on each of the relevant days.

#### *Example 15 – multiple car parking facilities provided*

*Olive Pty Ltd provides car parking fringe benefits at two work car parks (car park A and car park B) near its headquarters, which is the primary place of employment for all its employees. Employees use only one of the car parks on any given day.*

*Olive Pty Ltd elects to apply the Average cost method to all the car parking fringe benefits it provides for an FBT year.*

*The lowest fee charged on any given day by a commercial parking station (PCP 1) within a one-kilometre radius of car park A is \$17.*

*The lowest fee charged on any given day by a commercial parking station (PCP 2) within a one-kilometre radius of car park B is \$10.*

*PCP 2 is not within a one-kilometre radius of car park A.*

*The taxable value of car parking benefits provided in car park A using the Average cost method can only be worked out by referring to commercial parking stations within one kilometre of that particular parking facility. Therefore, the average cost for car parking fringe benefits provided at car park A is \$17.*

*The lowest fee charged by PCP 2, which is more than one kilometre from car park A, cannot be used to calculate an average cost for car parking benefits provided at car park A. However, it can be used to calculate the average cost for car parking fringe benefits provided at car park B.*

## 16.2.7 Register method

### 16.2.7.1 Register method – keeping records throughout the FBT year

If you keep a valid register, you are not required to keep records of the car parking benefits for employees you elect to value using the Register method. However, you must maintain documents to show that you conducted periodic reviews to ensure there were no changes in use. The Register method gives a total taxable value for all the fringe benefits for employees you elected to value using this method.

### **16.2.7.2 Register method – keeping a 12-week register**

You must keep the register for a continuous period of 12 weeks. The period you choose must be representative of ordinary use of the work car park during the first FBT year. You can't use a register compiled over a period that does not reflect ordinary practice (for example, Christmas).

The register must include for each relevant car parked:

- the date
- whether it was parked for more than four hours (that is, it exceeded the minimum parking period)
- whether it was driven between the employee's place of residence and primary place of employment on that day
- the place where it was parked.

You may automate the register using electronic devices (such as GPS), as long as you collect all of the requisite details.

#### **See also:**

- sections [39GE](#) and [39GG](#) of the FBTA.

#### *Example 16 – automated register*

*Nifty Ltd uses GPS devices to monitor all parking by its employees in its car park. This includes: where the car is parked and the time and date the car enters and exits the work car park. Nifty Ltd uses software to produce a report registering entry and exit times and the hours parked.*

*As the GPS device was fitted to all of the cars for which a car parking benefit may arise during an FBT year, Nifty Ltd can rely on the report to determine the actual number of car parking benefits provided during the relevant 12-week period for the register.*

*This report can also be used to calculate the number of car spaces provided if Nifty Ltd chooses to use the Commercial parking station method, the Market value method or the Average cost method in calculating the total taxable value using the Register method.*

### **16.2.7.3 Register method – how long is a register valid?**

Generally, a register is valid for the year in which you keep it, and the four following years. However, if the period the register is kept begins in one FBT year and ends in the following FBT year, the register is valid only for the second year it is kept and the four following years. At the end of the five years you must prepare a new register.

#### **See also:**

- section [39GF](#) of the FBTA

### **16.2.7.4 Register method – when it becomes invalid**

If the number of car parking benefits increases by more than 10% in a year, the register is not valid for any of the years following the year when the increase occurred.

A register is not valid if:

- you replace it with a new register in that FBT year covering the same employee
- it contains false or misleading information

- it is missing important information
- entries are not made as soon as practicable.

As part of your annual FBT governance processes, you should consider whether the number of benefits provided has increased.

**See also:**

- sections [39GF](#) to [39GH](#) of the FBTA

### 16.2.7.5 Register method – calculating the value

Calculate the taxable value using the following steps.

<b>Step 1</b>	Work out the total taxable value of all car parking fringe benefits provided during the 12 weeks the register is kept using the Commercial parking station method, the Market value method or the Average cost method.
<b>Step 2</b>	Multiply your Step 1 amount by $(52 \div 12)$ .
<b>Step 3</b>	Work out the number of days in the period the employee had use of the car space. It begins on the first day in the FBT year on which you provide a car parking benefit to an employee covered by the election, and ends on the last day in the FBT year on which you provide a car parking fringe benefit to an employee covered by the election.
<b>Step 4</b>	Divide your Step 3 amount by 366. (Use 366 even where it is not a leap year.)
<b>Step 5</b>	Multiply your Step 2 amount by your Step 4 amount. The result is your taxable value.

**See also:**

- section [39GB](#) of the FBTA
- section [39GD](#) of the FBTA

#### Example 17 – 12-week register

*Imps Pty Ltd starts providing car parking benefits on 1 October and continues to do so for the rest of the FBT year. The register they keep for 12 weeks shows that they provided 250 car parking benefits to employees covered by the election. Using the Market value method, Imps Pty Ltd establishes that the taxable value of each car parking fringe benefit is \$10. There were 183 days in the relevant period.*

*Based on the formula provided in the table directly above, the taxable value of the fringe benefits is \$5,416.67, which is calculated under the Register method as follows:*

<b>Step 1</b>	<i>The total taxable value in Step 1 is \$2,500 (250 car parking benefits provided, multiplied by their market value of \$10 per benefit)</i>
<b>Step 2</b>	$\$2,500 \times (52 \div 12) = \$10,833.33$
<b>Step 3</b>	<i>Number of days the benefit was provided = 183</i>
<b>Step 4</b>	$183 \div 366 = 0.5$
<b>Step 5</b>	$\$10,833 \times 0.5 = \$5,416.67$

## 16.2.8 Spaces method

### 16.2.8.1 Spaces method – working out taxable value

The Spaces method gives a total taxable value for all of the fringe benefits for employees you elect to value using this method.

The steps of the Spaces method are broken down as follows:

	Action
<b>Step 1</b>	Identify the daily rate amount. This is a taxable value amount for a car space that you worked out using the Commercial parking station method, the Market value method or the Average cost method.
<b>Step 2</b>	Identify the number of days in the availability period in relation to the space. The availability period for a space starts on the first day of the FBT year on which a car parking benefit for the space is provided (for an employee covered by the election) and ends on the last day of that year the car parking benefit for the car space is provided (for an employee covered by the election).
<b>Step 3</b>	Divide your Step 2 amount by 366. (Use 366 even where it is not a leap year).
<b>Step 4</b>	Multiply your Step 1 amount by the Step 3 amount.
<b>Step 5</b>	Multiply your Step 4 amount by 228.
<b>Step 6</b>	Repeat Steps 1 to 5 for each car space. Obtain the total of all the Step 5 amounts. This is called your total statutory benefit.
<b>Step 7</b>	If the average number of employees covered by the election is less than the average number of spaces made available to those employees: <ul style="list-style-type: none"> <li>• divide your total statutory benefit by the average number of spaces made available, then</li> <li>• multiply by the average number of employees covered by the election.</li> </ul> See section <a href="#">16.2.8.2</a> and section <a href="#">16.2.8.3</a> .
<b>Step 8</b>	Obtain the total of all employee contributions for all employees covered by your election to use this method. It does not matter if the contributions are for more than 228 days.
<b>Step 9</b>	Reduce your Step 6 amount (or your modified Step 7 amount) by the Step 8 amount. The amount remaining is the total taxable value of the car parking fringe benefits for employees that you elected to value under this method.

#### See also:

- sections [39FA](#) to [39FD](#) of the FBTAA

### 16.2.8.2 Spaces method – working out the average number of employees

To obtain the average number of employees, use the following formula:

$$\frac{\text{Number of employees covered by the election at the beginning of the parking period} + \text{Number of employees covered by the election at the end of the parking period}}{2}$$

The number of employees you use for this method must be representative. On any particular day, the number of employees is not representative if it differs substantially from the average number of employees covered by the election during a four-week period beginning or ending on that particular day.

### 16.2.8.3 Spaces method – working out the average number of spaces

To obtain the average number of spaces, use the following formula

$$\frac{\text{Number of spaces made available to employees covered by the election at the beginning of the parking period} + \text{Number of spaces made available to employees covered by the election at the end of the parking period}}{2}$$

The number of spaces you use for this method must be representative. On any particular day, the number of spaces is not representative if it differs substantially from the average number of spaces available to employees covered by the election during a four-week period beginning or ending on that particular day.

#### Example 18 – the Spaces method

*Squeeky Clean starts providing car parking fringe benefits for each car space to its employees on 1 October and continues to do so for 182 days to 31 March. Squeeky Clean elects to use the Spaces method for all of its employees. Squeeky Clean has four car spaces available for use by its three employees. Using the average cost method, Squeeky Clean establishes that the daily rate amount of each car parking fringe benefit for each car space is \$10.*

*Between 31 March and 28 April (4-week test period), the average number of spaces is three and a half (one of the spaces is resurfaced during this time). The number of spaces made available from 1 October to 31 March, being four, is representative as it does not substantially differ from the average number of spaces available during the 4-week test period.*

*Each employee is required to contribute \$30 a week for 26 weeks for the car parks.*

*Based on the formula provided in the table, the taxable value of the benefits is \$1,061.31 which is calculated under the Spaces method as follows:*

<b>Step 1</b>	\$10 (using the Average cost method)
<b>Step 2</b>	182 days (1 October to 31 March)
<b>Step 3</b>	182 (Step 2 days) ÷ 366 = 0.49
<b>Step 4</b>	\$10 (Step 1 amount) × 0.49 (Step 3 amount) = \$4.97



<b>Step 5</b>	$\$4.97$ (Step 4 amount) $\times$ 228 = $\$1,133.77$
<b>Step 6</b>	$\$1,133.77$ (Step 5 amount for each space) $\times$ 4 spaces = $\$4,535.08$
<b>Step 7</b>	Step 7 applies because the average number of employees covered by the election to use the Spaces method is less than the average number of spaces. $\$4,535.08$ (Step 6 amount) $\div$ 4 (number of spaces from 1 October to 31 March) $\times$ 3 (number of employees) = $\$3,401.31$
<b>Step 8</b>	$\$30 \times 26$ weeks $\times$ 3 employees = $\$2,340$
<b>Step 9</b>	$\$3,401.31$ (Step 7 amount) $-$ $\$2,340$ (Step 8 amount) = $\$1,061.31$

## 16.3 Ancillary matters

### 16.3.1 Parking not subject to FBT

You do not pay FBT on:

- a car parking benefit that is:
  - an expense payment benefit and is not a car parking expense payment fringe benefit (see sections [9.8](#) and [9.9](#) Expense payment fringe benefits),
  - a minor benefit (see section [20.8](#) Other exemptions)
  - a residual benefit that is the provision of motor vehicle parking that does not fall within the requirements of car parking benefits described in this chapter and is not a car parking expense payment benefit. For example, where
    - the provision of parking is for a motorcycle or an e-bike (not cars)
    - the parking is for cars that are not used by your employees to travel between their primary place of employment and their primary place of residence
    - the car space provided is not near to your employee's primary place of employment on that day.
- a car space provided to disabled employees who are entitled to use a disabled person's car parking space and display a valid disabled person's car parking permit. A valid disabled person's car parking permit is a permit, label or other document issued by the appropriate authority in the relevant State or Territory authorising your employee to park in a car space that is designated for the exclusive use of disabled persons.

#### See also:

- paragraph [39A\(1\)\(h\)](#) of the FBTAA
- section [12](#) of the *Fringe Benefits Tax Assessment Regulations 2018*
- definitions of 'disabled persons' car parking permit' and 'disabled persons' car parking space' in section [5](#) of the *Fringe Benefits Tax Assessment Regulations 2018*

### 16.3.2 Class of exempt employers

You do not provide a car parking benefit if you are:

- a scientific institution (other than an institution run for profit or gain to its shareholders or members)

- a registered charity
- a public educational institution, or
- a government body, but only for an employee who is employed exclusively in, or in connection with, a public educational institution.

You may be subject to FBT on the car space if you provide a property fringe benefit or an expense payment benefit (if the car space is also not an eligible car parking expense payment benefit).

**See also:**

- section [58G](#) of the FBTAA
- [Chapter 17](#) of this Guide discusses when a benefit may be a property fringe benefit.
- section [9.9](#) of this Guide discusses when a car space is an eligible car parking expense payment benefit.

### 16.3.3 Small business employers

A car parking benefit is an exempt benefit where:

- the work car park is not a commercial parking station
- you are not a government body or a listed public company or a subsidiary of a listed public company on the day the benefit is provided, and
- either
  - you were a small business entity (defined in section [328-110](#) of the *Income Tax Assessment Act 1997*) for the last income year before the relevant FBT year
  - your total income for the last income year before the relevant FBT year was less than \$10 million. For this purpose, your income includes ordinary income and statutory income as defined in the *Income Tax Assessment Act 1997*; that is, total assessable income before any deductions.

**See also:**

- section [58GA](#) of the FBTAA

## Appendix 1 – Your comments

You are invited to comment on this draft Chapter. Please forward your comments to the contact officer by the due date.

**Due date:** 17 January 2020  
**Contact officer:** Ben Murphy  
**Email address:** PAGSEO@ato.gov.au  
**Telephone:** (03) 9937 9977

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