

MARCH 2018

# TECHNICAL UPDATE

## CAR PARKING FOR FBT – ATO WATCH LIST

WITH THE END OF THE FRINGE BENEFITS TAX YEAR ON 31 MARCH JUST DAYS AWAY, THE AUSTRALIAN TAX OFFICE (ATO) HAS CONFIRMED THEY ARE TAKING A CLOSE LOOK AT CAR PARKING. SPECIFICALLY, THE ATO IS FOCUSING ON THE VALIDITY OF VALUATIONS USED IN RELATION TO CAR PARKING FRINGE BENEFITS.

For a company to have provided a car parking fringe benefit, all the following conditions must be satisfied:

- ▶ The car is parked at premises that are owned, leased or under the control of the employer
- ▶ The car is parked there for a duration of more than four hours between 7.00am and 7.00pm on any day
- ▶ There is a commercial parking station that charges a fee for all-day parking within a one-kilometre radius of where the car is parked and the commercial parking station fee for all-day parking is more than the car parking threshold (\$8.66 for the 2018 FBT year).

When reporting car parking fringe benefits in the FBT return, some common mistakes that are attracting the ATO's attention include:

- ▶ The use of car parking rates where the parking facility is not identifiable as a commercial parking station
- ▶ Market valuations that are substantially lower than the car parking fees charged for parking within a one kilometre radius of the premises on which the car is parked; and
- ▶ Insufficient evidence to support the rates used as the lowest fee charged for all day parking by a commercial parking station.

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## **BDO COMMENT**

Employers who use valuations based on car parks that charge significantly lower fees than other car parks in its vicinity, such as hospital or train station car parks, may want to review their position.

It is likely the ATO would consider such car parks to fall outside of the definition of 'commercial car parks'. A commercial car parking station is one that charges a fee for all-day parking, is permanent, is commercial (that is, it operates with a view to making a profit) and is available to the public.

The ATO could argue that hospital and train station car parks are not available to the public, as they are offered to visitors and patients, and train station customers who are using the train that day. In addition, it is unlikely they would be considered to be operating to make a profit, given the significantly reduced fee.

For 2018, employers should ensure they are using a 'valid' car parking valuation according to the ATO's watch list.

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