

Personal deductions for car parking expenses



Car parking fees incurred in the course of producing assessable income are generally deductible, but special rules apply if the car is used by an employee to commute between home and work or the car is provided to the employee by the employer.

Non-employees

Self-employed persons, partnerships or trusts are entitled to claim deductions for expenses incurred for car parking fees, provided those fees are incurred in the course of producing their assessable income or as part of the ongoing operations of their business.

Employees

Employees who use their own cars for work-related purposes are generally entitled to claim deductions for

the cost of travel and car parking, provided those costs are incurred as part of employment related activities.

A deduction for car parking is denied, however, for the cost of car parking if the car:

- is parked at or near the employee’s principal place of employment for more than four hours between 7am and 7pm, and
- was used to travel between either home and work, or work and home.

Other car parking expenses incurred during the day are allowed if the car is being used for work related purposes. A deduction is not denied, however, if the employee is the driver of, or a passenger of the car, and:

- they are entitled (under state or territory law) to use a disabled person’s car parking space, and
- a valid disabled person’s car parking permit is displayed on the car.

Employer-provided car

If the employer provides the employee with a car, any expenses incurred by the employee in maintaining the car (for example fuel, oil) cannot be claimed as deductions. They can be used to reduce the amount of any FBT. Where the employee incurs car parking expenses that are not reimbursed by the employer, a claim is allowed provided they satisfy the rules above.

If an employer provides an employee with a car park, FBT may be payable by the employer. A business becomes liable for FBT where it provides parking for more than four hours to its employees, and the relevant car parking facility is situated within one kilometre of a commercial car park where the minimum all day cost is more than the current parking fringe benefit threshold (\$8.83 a day for the FBT year ending 31 March 2019).

Note that this one kilometre is a radius, and “by the shortest practicable route, from a car entrance to those premises”. Also, this can be travelled by any means, as long as this produces “the shortest practicable route”.

Road toll and electronic tag expenses

If an employee incurs a road toll expense when using either their own car or their employer's car while travelling when deriving assessable income, a deduction is allowable. However, if the purpose of the travel is private (for example, from home to work), or the employer either pays the expense or reimburses

the employee, the employee is not entitled to a deduction. However, FBT may apply, as an "expense payment benefit" arises where an employer (or associate or third party under an arrangement) makes a payment to discharge an obligation of an employee (or associate) or reimburses same for expenditure incurred.

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