

THE PARLIAMENT OF THE COMMONWEALTH OF
AUSTRALIA

SENATE

TAXATION LAWS AMENDMENT (CAR PARKING)
BILL 1992

SUPPLEMENTARY EXPLANATORY MEMORANDUM

(Circulated by the authority of the Treasurer,
the Hon. John Dawkins, M.P.)

General Outline and Financial Impact

This amendment will amend the *Taxation Laws Amendment (Car Parking) Bill 1992* introduced into Parliament on 4 November 1992 to provide for an alternate method of valuing car parking fringe benefits.

Date of effect: 1 July 1993

Financial impact: Negligible

Summary of proposed amendment

Purpose of amendment: To provide, as an alternate method, the ability for an employer to value a car parking fringe benefit using an arm's length value as determined by a suitably qualified valuer.

Date of Effect: 1 July 1993

Background to the legislation

The *Taxation Laws Amendment (Car Parking) Bill 1992* provides for a car parking fringe benefit to be valued by reference to the lowest fee for all-day parking charged by any commercial parking station operator within a 1 kilometre radius of the employer provided car parking facilities. This amendment provides for an alternate method of valuation.

Explanation of proposed amendment

The amendment inserts a new section into the *Fringe Benefits Tax Assessment Act 1986* to provide for this alternate method of valuation. **[New section 39CA]**

Car parking fringe benefits accrue on a daily basis. Under this amendment, an employer may elect to use an alternate method to value any or all of those benefits during a year of tax. However, an election may only be made where the employer has obtained a valuation of the relevant benefits from a suitably qualified arm's length valuer. **[New subsections 39CA(1) and 39CA(3)]**

The amendment provides that the valuation of the car parking fringe benefit must be based on the amount that the employee could have reasonably been expected to pay to the employer for the benefit, on the basis that both parties were dealing at arm's length. Any contribution by the employee to the employer towards the value of the benefit will reduce the value of the benefit by the amount of the contribution. **[New subsection 39CA(2)]**

As the valuation under this alternate method is based on both parties dealing at arm's length, the valuer cannot take into account employment related conditions which may, prima facie, effect the valuation of the car parking fringe benefit. For example, it is not relevant to the valuation that an employee is required to have a car available for business use, that the employee's car is actually used for business purposes or that (for employment related reasons) the employee's car is not accessible during working hours.

