

EMPLOYER PROVIDED PARKING – Taxable Benefit

A reminder to staff who have employer paid parking, that if you wish to reduce your 2023 parking taxable benefit you must ensure that you have reported all your 2023 trips on your 2023 expense reports and that they are submitted by the deadline (for dates refer to response to Q#5 below). Below are some questions commonly asked by employees:

1. What is considered a trip for taxable benefit purposes?

Employees who have employer provided parking are assessed a taxable benefit unless they regularly use their parking for business use. For the parking taxable benefit to be excluded from income the employee must on average need a vehicle to perform their duties 3 or more days per week. This means that if you have more than one meeting in a day where you are required to use your vehicle, it will count as only one trip when you complete your expense report.

2. If the usage is less frequent than 3 or more days per week, can the taxable benefit be partially reduced?

Yes, CRA allows the employer to pro-rate the reduction. For example, if your usage on average is 2 days per week then the taxable benefit can be reduced by 40%. If on average the usage is 1 day per week then the taxable benefit can be reduced by 20%.

3. When the employer makes it a condition of employment that the employee must provide their vehicle for business purposes, and consequently provides the employee with parking, can this employer provided parking be excluded from income?

No, the fact that as a condition of employment, the employee must provide their own vehicle for use on the job, does not alter the requirement to determine if the employee is regularly required to use a vehicle for employment purposes when establishing if there is a taxable benefit.

4. Will periods of absences such as vacation, sickness, statutory holidays, leave days etc be taken into consideration when determining the taxable benefit?

No, since the employee is provided with a monthly pass there would be no adjustments made for vacation, statutory holidays, sick days, statutory holidays etc, since the parking pass can be used anytime throughout the month. However, the benefit may be reduced on a prorated basis as per the response in question 2.

5. How will payroll adjust the taxable benefit?

The taxable benefit will be adjusted prior to issuing the T4's for the applicable year so that it reflects your true taxable benefit based on your actual usage. For 2023, Payroll will run a report the first week of February 2024 to extract the number of trips each employee has indicated on their expense reports for 2023. Therefore, it is imperative that all 2023 expense reports including the number of trips are submitted electronically using Spend Dynamics and approved by the employee's manager by:

Thursday January 11th, 2024 for Salary employees paid January 19th, 2024 or

Thursday January 18th, 2024 for Wage employees paid January 26th, 2024

If on average the employee used their vehicle, 3 or more times per week (which equals 156 trips or more) then the 2023 parking taxable benefit will be reduced to zero.

If on average the employee used their vehicle at least 2 times per week (which equals no less than 104 trips) then the 2023 taxable benefit will be reduced by 40%.

If on average the employee used their vehicle at least 1 time per week (which equals no less than 52 trips) then the 2023 taxable benefit will be reduced by 20%.

During the year OMERS contributions were taken on the parking taxable benefit, therefore any reduction to this taxable benefit will result in a corresponding OMERS pension refund. This refund will appear on a February 2024 pay.

6. How can I track the amount of my parking taxable benefit and the number of trips?

Both your parking taxable benefit and the number of trips you claimed are displayed on the online version of your pay advice. The year-to-date (YTD) value of your parking taxable benefit can be found under the Employer Paid Benefit section of the PDF version of your online paycheque. While the YTD trips can be found under the Hours and Earnings section of the PDF version of your online paycheque.

7. What if the trips recorded in MyHRInfo are incorrect?

It is the employee's responsibility to check their pay advice and report any discrepancy in reported trips between what they have submitted on their expense reports and what has been recorded on their pay advice. All 2023 trips recorded on your pay advice by the dates specified in question # 5 above, will be used for the calculation of your taxable benefit. To arrive at your final total trips for 2023 you will need to add the YTD for your 2023 Trip Accumulator from your last pay of 2023 and your most current pay in 2024.

NOTE: If you require a correction to your 2023 YTD trip accumulator total, you must report these before January 31st, 2024. T4s will not be amended if reported after this date.