

EMPLOYER PROVIDED PARKING – Taxable Benefit

A reminder to staff who have employer-paid parking that if you wish to reduce your 2024 parking taxable benefit you must ensure that you have reported all your 2024 trips on your 2024 expense reports and that they are submitted by the deadline - for dates refer to response to Question five (Q#5) below. Below are some questions commonly asked by employees:

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

Employees with 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 three 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 three 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 is on average two days per week, then the taxable benefit can be reduced by 40%. If the usage is, on average, 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 the employee must provide their own vehicle for use on the job as a condition of employment 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 two (Q#2).

5. How will payroll adjust the taxable benefit?

The taxable benefit will be adjusted prior to issuing the T4s for the applicable year so that it reflects your true taxable benefit based on your actual usage. For 2024, Payroll will run a report the first week of February 2025 to extract the number of trips each employee has indicated on their expense reports for 2024. **Therefore, it is imperative that all 2024 expense reports, including the number of trips, are submitted electronically using Spend Dynamics and approved by the employee's manager by:**

Thursday January 9, 2025 for Salary employees paid January 17, 2025 or

Thursday January 16, 2025 for Wage employees paid January 24, 2025

If the employee uses their vehicle three or more times per week on average (which equals 156 trips or more) then the 2024 parking taxable benefit will be reduced to zero.

If the employee used their vehicle on average at least two times per week (which equals at least 104 trips), then the 2024 taxable benefit would be reduced by 40%.

If the employee used their vehicle on average at least one time per week (which equals no less than 52 trips) then the 2024 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 2025 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 2024 trips recorded on your pay advice by the dates specified in question five (Q#5) above will be used for the calculation of your taxable benefit. To arrive at your final total trips for 2024, you will need to add the YTD for your 2024 Trip Accumulator from your last pay of 2024 and your most current pay in 2025.

NOTE: If you require a correction to your 2024 YTD trip accumulator total, you must report these before January 31, 2025. T4s will not be amended if reported after this date.