

Parking Levy in Urban Areas

Guidance Document



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Section 1: Background and General Matters

1.1 What is the Car Parking Levy?

As announced by the Minister for Finance in Budget 2009, the levy is a charge on employees for the use of car parking facilities provided by the employer in designated urban areas. A flat rate of €200 will apply per annum.

1.2 Who is liable to pay the levy?

Each employee who has an entitlement to use a parking space provided by his or her employer is liable to pay the levy.

1.3 To which areas will the levy apply?

The levy will apply to employer-provided parking facilities in the major urban centres of Cork, Dublin, Galway, Limerick and Waterford. The specific areas in which the levy will apply will be designated by Order of the Minister for Finance following consultation with the 5 city councils.

1.4 How will the levy be collected?

The employer will deduct the levy from the employee through the payroll system and return the levy to Revenue. Deductions of the levy will be spread throughout the year in line with the frequency of salary payments.

1.5 When will the levy start?

The levy is provided for in the Finance Bill (published 20 November 2008) and will be introduced by Order of the Minister for Finance.

Section 2: Liability to Pay the Levy

2.1 In what circumstances will an employee be liable?

An employee will be liable to the levy where:

- he or she has an entitlement to use a parking space for the parking of a vehicle covered by the levy,
- the parking space is provided directly or indirectly by the employer, and
- the parking space is located in an area designated by the Minister for Finance.

2.2 Entitlement to use a parking space

Entitlement to use a parking space arises where any one or more of the following circumstances apply:

- the employee holds or has been issued with any type of authorisation to use a parking space or is given any type of permission (including arrangements or agreements with the employer) to use a parking space,
- the employee holds or has been issued with any form or means of access to a parking space;
- the employee has been allocated a dedicated parking space;
- the employee has been allocated a parking space on a shared basis or other similar arrangement,
- the availability of a parking space to the employee is on a first-come – first-served basis.

2.3 When is an employer regarded as providing a parking space to an employee?

In general, an employer is regarded as providing a parking space to an employee where the parking space is provided directly or indirectly, including where:

- the employer provides the parking space at its own premises,
- the parking space is provided at the premises of a person with whom the employer is connected, or
- the employer enters into an arrangement or agreement with an employee or some other person to provide a parking space.

The legislation also covers a situation in the public sector where the employer for the purposes of the Tax Acts i.e. the person who pays an employee's salary, may not be the provider of the parking facility. This arises, for example, in the education area where the Department of Education pays the salaries of certain teachers and other staff while an individual school provides the parking. In that situation, the Department is deemed to be the provider of the parking facility for the purposes of the legislation.

2.4 Can an employee disclaim entitlement to use a parking space?

Yes. An employee can disclaim entitlement to use a parking space by notifying his or her employer in writing or in an electronic format. Additionally, the employee should:

- return whatever form of authorisation he or she holds and any form or means of access to a parking space, and
- cease actual use of the parking space.

In such circumstances, the employer should stop deducting the levy.

The disclaimer provision is designed for situations where an employee wishes to disclaim entitlement to use a parking space on a permanent basis. This permanency is reflected in the fact that a formal notification is required to be made to the employer, any form of authorisation and any form or means of access to a parking space must be returned to the employer, and actual use of a parking space must cease.

The disclaimed provision is not designed for periods of annual leave or short periods where an employee does not make use of a parking space. Revenue will, however, look sympathetically at situations where use of the disclaimer provision may be appropriate for practical reasons. Periods of unpaid leave may be considered in this context.

2.5 What if entitlement lapses or is withdrawn?

In circumstances where entitlement to use a parking space lapses for any reason or is withdrawn for any reason, the employer should stop deducting the levy so long as the employee returns whatever form of authorisation he or she holds and any form or means of access to a parking space, and ceases actual use of the parking space.

3. Amount of Levy

3.1 What is the amount of the levy?

Subject to the situations covered below, the amount of the levy will be a flat rate amount of €200 for a full year.

3.2 Shared Parking Arrangements

A reduced levy applies where car parking spaces are shared between employees provided that the ratio of employees to each car parking space is 2:1 or more. In these circumstances, the levy for employees with an entitlement to park will be reduced to €100.

3.3 Job-sharing and Part-time work

Where an employee's normal pattern of work is on the basis of part-time or job-sharing arrangements, then the levy amount payable (per paragraphs 3.1 or 3.2 above) is reduced pro-rata but not below a minimum of 50 per cent of the amount payable.

3.4 Entitlement to use for only part of a year

Where an employee's entitlement to use a parking space applies for only part of a year, then the amount of the levy payable by the employee is to be reduced on a pro-rata basis. This is designed to cover situations such as where an employee starts or finishes work during the year. For example, if an employee's entitlement to use a space commences on 1 December in a year, then only 1/12th of the levy will apply for that year. This would mean that a person who is given, say, a dedicated space would pay €16.66 for the month of December (i.e. €200 x 1/12th).

3.5 Maternity leave

Where an employee is on maternity leave, the 26 week period of maternity leave to which she is entitled is disregarded for the purposes of the levy. Additionally, the 10 week period immediately prior to the commencement of maternity leave is also disregarded.

3.6 Shift work

The amount of the levy is also reduced in the case of shift workers. Anyone starting or finishing work after 9 o'clock in the evening or before 7 o'clock in the morning will have the part of the year during which they are on shift work involving those hours disregarded for the purposes of calculating the levy. For example, someone doing such shift work for 3 months of the year would be liable to pay €150 (i.e. €200 less ¼ excluded because of shift work).

4. Exemptions from the Levy

4.1 Disabled drivers

An employee who has an entitlement to use a parking space will be exempt from the levy where he or she is the holder of a valid disabled person's parking permit.

4.2 Employees of the emergency services

Official vehicles required to be driven by employees of certain emergency services are excluded from the levy (see paragraph 5.2).

An employee of a State or civil emergency service who does not otherwise have entitlement to use a parking space will be exempt from the levy where the use of a parking space for his or her private vehicle (or for a vehicle provided by the emergency service) relates solely to a response to an emergency situation.

4.3 Retired persons

Retired persons are exempt from the levy where a space continues to be provided to them for occasional use. However, in circumstances where a retired person is engaged in employment by his or her former employer, or indeed by any other employer, the retired person will be liable to pay the levy.

4.4 Occasional permission to use a parking space

Where an employee does not otherwise have entitlement to use a parking space, permission which is occasionally given to use a space is exempt from the levy provided that the total number of days involved in any year does not exceed 10 days. For the purposes of this exemption, use of a parking space for part of a day is treated as use for a full day.

Section 5: Vehicles covered by the Levy

5.1 What vehicles are covered?

In general, the levy will apply to private cars and vans used as private vehicles (where they are not used by an employee in the performance of his or her duties). Jeeps and other vehicles constructed with rear passenger seats are also included.

5.2 What vehicles are excluded?

In general, motor bikes are excluded from the levy. Certain official cars owned or provided by the State, the Garda Síochána, the Defence Forces and certain other services such as the fire and ambulance service and the Customs service are excluded.

A van is excluded from the levy where the employee is required by the employer to use the van in the performance of his or her duties.

5.3 What is the position with company cars?

An employee who uses a company car will be liable to the levy.

5.4 What is the position with private cars used for business purposes?

An employee who uses his or her own car in the performance of his or her duties will be liable to the levy.

6. Other Employee-related Questions

6.1 What if I change employment?

Where an employee ceases employment in which he or she had entitlement to use a parking space, then deduction of the levy will cease on leaving that employment. If the employee subsequently has entitlement to use a parking space in any new employment, then parking levy deductions would commence on taking up the new employment.

6.2 What if I have two employments?

If an employee has two employments and has entitlement to use a parking space in both employments, then the parking levy will have to be deducted in both employments. (However, see paragraph 3.3 regarding part-time work and job-sharing arrangements)

6.3 What if I use my space infrequently?

If an employee has an entitlement to use a parking space, but chooses to use it infrequently, the parking levy still applies even if the use of the space arises for 10 days or less in a year. These circumstances do not come with the “occasional permission to use” exclusion in paragraph 4.4.

6.4 What if a parking space is provided in a ‘customer’ car-park?

Where the availability of a parking space to an employee is in a car-park which is normally available to, or reserved for, customers, the levy will also apply. In these circumstances, the employer is providing the parking spaces and the employee is, for the purposes of the levy, regarded as having an entitlement to use a parking space.

6.5 What if my employer provides a space in a public car park?

The parking levy will apply where an employer enters into any type of arrangement or agreement with an employee (or any other person) to provide a parking space to the employee. This includes where a space is provided in a public car-park.

6.6 What if my employer reimburses my parking fees?

The parking levy does not apply where an employer reimburses an employee for parking fees incurred for on-street parking or for parking in public car-parks. However, unless such reimbursement arises as a result of a legitimate claim for expenses incurred by the employee in the performance of his or her duties, the employer should apply PAYE to the amount of reimbursement involved.

6.7 Can I claim a tax deduction for the levy?

No. A tax deduction for the levy may not be claimed in any circumstances.

7. Obligations on Employers

7.1 Will the levy impose obligations on employers?

A key objective of the legislation governing the levy has been to minimise compliance costs on employers. As a consequence, only minimal changes will apply in terms of payment and filing obligations.

The legislation imposes a legal obligation on employers to deduct the levy from employees who have an entitlement to use employer-provided parking facilities. Employers must deduct the levy from employees' net salary payments after income tax, PRSI, the Health Levy and the new Income Levy are deducted.

Each employer should remit the levy deducted to the Office of the Collector-General at the same time and in the same manner as the employer currently remits deductions made under the PAYE system.

7.2 Are there any implications for the P30?

Employers will continue to file their P30 in accordance with their existing filing pattern i.e. whether that is monthly or quarterly. Direct Debit customers and Annual Remitters will continue their existing payment arrangements also. Direct Debit customers should review the amount of their Direct Debit payment to take account of the Car Par Levy and, if necessary, increase the amount of their Direct Debit payment.

There will be no changes to the existing Form P30. Employers will be required to include the amount of the parking levy being remitted to Revenue in the PRSI box on the P30.

7.3 Are there any implications for the P35?

The Form P35 will be revised to facilitate reporting by employers of the number of employees from whom they have deducted the parking levy and the overall amount of the levy so deducted.

7.4 Will the levy impose any record-keeping on employers?

Employers will be obliged to keep records in relation to the locations at which parking facilities are provided, and employees who have, and cease to have, entitlement to park.

In addition, the Revenue Commissioners may by way of Regulation specify such further record requirements as may reasonably be required for the purposes of the operation of the parking levy.

7.5 What if an employer makes payments to employees to cover the levy?

In circumstances where an employer makes a payment to an employee in compensation for, or in re-imbursement of, the levy then:

- there is no deduction available to the employer in respect of the payment in computing the amount of its profits which are chargeable to tax, and
- the payment should be subjected to deductions under the PAYE system in the normal manner.

7.6 What penalties apply?

A penalty of €3,000 applies where an employer fails:

- to deduct the levy from employees or remit the levy to Revenue,
- to keep the required records, or
- to provide the required details on the Form P35.

7.7 Where can employers direct queries?

The Employer Service - Lo Call 1890 25 45 65 - based in the Collector-General's Office, Nenagh will be glad to respond to queries from employers.