

CRA Pursuing Municipal Emergency Workers Parking as Taxable Benefit

Canada Revenue Agency (CRA) has assessed added taxes to Toronto municipal employees, particularly fire, police and paramedic workers who park at their local emergency stations.

City of Toronto's CRA settlement dealt with 2013, 2015 and 2016 tax years. The City had to determine the value of station property used for fire and paramedics for parking. The back taxes amount to \$1 million so far. The City has agreed to assist these emergency service employees by covering the retroactive amounts.

CRA says that any employer who provides free or discounted parking to employees must include the "fair market value" minus any amount paid by the employee as income. CRA says that any employee receives a taxable benefit unless the parking is provided for business reasons, or for reasons of disability.

It is not clear how wide spread this CRA targeting of municipal government emergency service personnel is or will become and the full impact on municipal governments, employees and property taxpayers. However, given that the federal government collects half of each household tax dollar and Ontario's municipal governments collect 9%, it points out the vulnerability and inability for municipal governments to achieve fiscal sustainability when the federal and provincial orders of government look to municipal governments for revenue. If anything, the local share of tax dollars should be bigger than 9%.

If your municipality is in a CRA audit or is given notice of audit by CRA, please let AMO know by sending an email to Matthew Wilson, Senior Policy Advisor at mwilson@amo.on.ca.