

Is parking provided to employees subject to Unrelated Business Income Tax ("UBIT")?

Employee pays for spot via pretax deduction on the employee's monthly paycheck

Employer pays a third party for employee parking spots

Employer owns/leases parking facility or employee parking included with lease (2)

Employee pays for parking using after tax dollars

Organization has UBIT (1)

The amount up to the federal limit (\$260 in 2018 and \$265 in 2019) is taxable to the organization. Treat any amount in excess of limit as compensation to the employee.

YES

Organization has UBIT (1)

The organization has until March 31, 2019 to take down any sign or barrier to avoid tax (3)

Any signs or barriers that remain are taxable to the organization. Multiply the number of spots by the cost of each spot to determine taxable amount.

Are there any spots reserved for employees by using separation barriers or signs?

YES

Organization does not have UBIT

NO

Is the Primary Use (Greater than 50%) of the parking spots used for employee use?

NO

- (1) Amounts paid for disallowed fringes plus UBI > \$1,000
- Parking is deemed to be included in office lease whether or not separately stated in agreement
- (3) Change retroactive to January 1, 2018

Organization has UBIT (1)

Multiply the number of spots remaining after the calculation of employee parking costs by the remaining cost of each spot to determine taxable amount.

Organization does not have UBIT

Our Firm provides the information set forth in this chart for general guidance only, and it does not constitute the provision of legal advice, tax advice, accounting services, or professional consulting of any kind.