

Submission to the Garnaut Review
Issues Paper 5 – Transport, Planning and the Built Environment
Cathy Gossel

Company Cars and Fringe Benefits Tax

The Fringe Benefits Tax system encourages people to drive a car to work. Reducing car use will reduce greenhouse gas emissions, air pollution, traffic congestion, parking demand, help to address peak oil, and increase the use of active transport.

Fringe Benefits Tax concessions for company cars increase car use in several ways:

1. The greater the distance travelled in a company car, the greater the FBT concession
2. Staff car parking also receives FBT concessions
3. Public transport fares, bikes and sustainable travel allowances provided by employers do not attract any tax concessions
4. Cars can be salary packaged, but bikes, public transport tickets, and sustainable travel allowances cannot. This means that if employers want to give staff a choice between a fleet car and a higher cash salary, the additional cash salary will need to be higher than the value of the car to ensure that the after-tax salary is equivalent to the value of the car. This acts as a disincentive for businesses to allow staff to cash out their package.

Federal funding of public transport

The Federal Government currently funds urban roads but does not fund urban public transport, cycling or walking infrastructure. This increases car dependency and limits the use of sustainable transport in cities.

Conclusion

- Abolish FBT concessions for company cars
- Abolish FBT concessions for staff car parking
- Introduce tax concessions for public transport fares, bikes and sustainable travel allowances
- Remove the ability to salary package vehicles, and allow bikes, public transport passes and sustainable travel allowances to be salary packaged
- Review Federal Government funding of roads, and fund urban public transport, cycling and walking infrastructure.