

# Fringe Benefits Tax



Fringe Benefits Tax is a tax payable when non cash benefits are provided to your employees or their associates, in respect of their employment.

## What is not considered to be a Fringe Benefit?

- The payment of salary & wages;
- Cash allowances (except a living away from home allowance);
- Superannuation contributions paid on behalf of the employees;
- Employment termination payments;

## Benefits provided to employees

If you provide any of the following benefits to employees, you could be entitled to an exemption such as, housing assistance, remote area exemptions & concessions, remote area holiday travel or work related items.

### Motor Vehicles

A motor vehicle fringe benefit may arise when it is available to an employee to use for private purposes and is stored near the employee's place of residence. The employee has custody and control of the vehicle, when not performing work duties.

### Car Parking

Car parking fringe benefits may arise when the employer provides a car parking space to employee for their sole use. The main considerations for determining if the parking would be assessable in calculating Fringe Benefits Tax are:

- A car is parked at premises that is owned or leased by the employer.
- Within a one(1) kilometre radius of the premises, there is a commercial parking station that charges a fee for all day parking which is more than \$7.46 per day.
- The car is parked for a total of more than four hours per day (hours between 7am—7pm—non continuous)
- The car is used by the employee to travel between work & their home at least once on that day.

### Entertainment (including Christmas functions)

Entertainment may be provided to employees, clients, suppliers and associates. However, only entertainment provided to employees and their associates is subject to fringe benefits tax. Assessable entertainment expenses may include:

- business lunches and drinks (not if sustenance)
- cocktail parties
- staff social functions
- travel or accommodation in relation to any of the above events
- sightseeing tours
- holidays
- sporting or theatrical events

### Expense Benefits

Expense payment fringe benefits occur when the employer directly pays for the private expense of an employee.

### Car parking at airports

This benefit is available when an employee travels interstate and leaves the car at the airport car park facility, it is seen as being available for private use due to the custody and control of the vehicle remaining with the employee who took the keys.



## Exemptions from FBT are available for

### Work related items

FBT is not payable when the item has a direct connection to duties performed at work. A FBT exemption can apply to the following work related items:

- A portable electronic device including mobile phones, laptop computers, portable printers, PDA's.
- An item of computer software
- An item of protective clothing
- A briefcase
- A tool of trade including a calculator

### Remote area exemptions and concessions

If you satisfy either of the below tests, you may qualify for a remote area exemption. This would mean any benefits provided to employees would be exempt from Fringe Benefits Tax.

- At least 40 kilometres from a town with a 1981 census population of between 14,000 and 130,000 and at least 100 kilometres from a town with a 1981 census population of 130,000 or more; or
- If the area is in Zone A or B and located at least 40 kilometres from a town with a 1981 census population of between 28,000 and 130,000 and at least 100 kilometres from a town with a 1981 census population of 130,000 or more.

### Remote area housing

When housing is provided to a current employee in a remote area, there is no Fringe Benefits Tax. For this exemption to be applicable to you, please answer the following two questions:

- Was the unit of accommodation considered to be in a remote area for the entire tenancy period and owned by the employer?; and
- Did the current employee occupy the accommodation for the whole of the tenancy period and the usual place of employment of the employee is in the remote area.

### Housing Assistance

The taxable value of certain benefits arising from housing assistance provided to an employee in a remote area can be reduced by 50%. This applies where the employer:

- Pays or reimburses the rent of the employee;
- Pays or reimburses interest accrued on a housing loan for an employee;
- Pays or reimburses the costs of acquiring land, or house and land for the employee;
- Makes a housing loan to the employee; or
- Pays a fee for an option to purchase a house from an employee.

### Remote Area Holiday Travel

When an employer pays for the costs associated with transporting the employee (that has been transferred to a remote area) to their nearest capital city of their prior residence, they are entitled to a 50% reduction when calculating the fringe benefits tax.

**For more information about Fringe Benefits Tax and exemption caps please contact an Accountant at our office.**

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