

FBT Year End Planner

Ideas and possibilities
for your business

April 2023

Snapshot for the FBT year ended 31 March 2023

FBT rate: 47%

Benchmark interest rate: 4.52%

Car parking threshold: \$9.72

Record-keeping exemption: \$9,181

FBT return is due by 22 May 2023, or by 26 June 2023 if lodged electronically through your tax agent.

Reminder why FBT exists

Fringe Benefits Tax is a tax levied on employers for certain non-cash benefits provided to employees and related parties. FBT exists to prevent tax leakage from businesses deducting the cost of providing those benefits but income tax is not collected on the employee side.

Business cost or part of employee's remuneration?

From a business model point of view, there are essentially two types of fringe benefits:

1. Those that are provided to employees generally, or a category of employees, and are not part of an employee's remuneration. Any FBT arising is simply a cost of business; and
2. Those that form part of a particular employee's remuneration package. The FBT on the benefit is usually determined in advance and is a component of the employee's remuneration package. That is, the FBT is not an additional cost to the employer. See [here](#) for more information.

The cost of a fringe benefit is "grossed up" before applying the 47% rate. For practical purposes, the amount of FBT on a fully taxed benefit works out to a little less than the cost of the benefit itself. (eg. \$1,000 benefit triggers approximately \$890-\$970 in FBT, depending on the applicable gross-up rate.)

Main types of fringe benefits

Cars	Housing
Car parking	Living away from home allowance (LAFHA)
Meal entertainment	General property or residual
Loans	

Selection of benefits exempt from FBT

Car parking, where the employer's group-wide turnover is less than \$50 million and the car parking is not parked at a commercial car park station.

Portable electronic device, where primarily used for employment. One per year, per employee. Eg, Laptop, tablet, Surface Pro, mobile phone **unless it is** a replacement item.

Minor benefits, where infrequent & irregular benefits provided are less than \$300 GST inclusive.

Fly-in fly-out transport.

Relocation expenses.

Electric Vehicles, from 1 July 2022, employers will not pay FBT on eligible electric cars and associated car expenses if all of the following conditions are met;

- The car is a "zero or low emissions vehicle"
- The first time the car is both held and used is on or after 1 July 2022, and
- Luxury car tax has never been payable on the importation or sale of the car.

See our article [FBT-exempt electric cars - For Employers](#), for more details.

Training or education to a redundant, or soon-to-be redundant, employee for the purpose of assisting the employee gain new employment. Exceptions apply.

Selection of benefits not subject to full FBT

Cars, usually depending on their use. Also, a simplified FBT calculation method is available for a fleet of 20 or more qualifying cars. Also be aware of the requirements when providing dual cab utes to employees.

First \$1,000 of **in-house benefits** (eg. Insurance company providing insurance coverage to employees) is exempt (N/A under a salary packaging arrangement).

Employee contributions, to the extent an employee reimburses the employer from salary after-tax funds.

Otherwise deductible, to the extent an employee would be entitled to a one-off deduction, had they personally incurred the cost of the benefit.

Employers who are exempt from FBT, or have reduced/limited FBT exposure

Public Benevolent Institutions (eg, certain charities).

Public hospitals.

Certain not-for-profit organisations.

When a salary sacrifice arrangement is effective, and when it isn't

Key word: prospective. That is, you can arrange to sacrifice future salary, but not retrospectively adjust for salary already earned.

Reportable Fringe Benefits

Where the taxable value is greater than \$2,000, the grossed-up amount of certain fringe benefits is reported on an employee's PAYG payment summary. Although the employee does not pay income tax on that amount, it factors into calculating various means-tested benefits such as:

- Liability to the Medicare levy surcharge
- Child support payments and benefits
- Recovery of HELP debt (previously known as HECS)
- Income tests for youth allowance, family tax benefit and childcare benefit
- Personal and spouse's super contribution rebate

Think about the possibilities in your business...

As you work through your 2023 FBT compliance, think about the possibilities in your organisation for next year. Talk to your trusted Nexia advisor about how we can help you better manage the provision of benefits, and get the best outcomes for you and your employees.



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