



# FBT Checklist 2021

To make sure you don't miss any vital fringe benefits tax items, here is a comprehensive checklist.

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### About this newsletter




Welcome to Watson Erskine & Co's client information newsletter, your monthly tax and super update keeping you on top of the issues, news and changes you need to know. Should you require further information on any of the topics covered, please contact us via the details below.



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# FBT Checklist 2021



| CAR FRINGE BENEFITS  | Y/N |
|--|-----|
| <p><b>Does a car fringe benefit arise?</b></p> <p>For FBT purposes a "car" is:</p> <ul style="list-style-type: none"> <li>any motor-powered road vehicle (including a 4 wheel drive) that is designed to carry:                             <ul style="list-style-type: none"> <li>less 1 tonne; and</li> <li>fewer than 9 passengers.</li> </ul> </li> </ul>  |     |
| <p><b>Were any vehicles provided to employees (or associates) during the FBT year?</b></p> <p><b>If so, were the vehicles designed to carry less than one tonne and fewer than nine passengers?</b></p> <p>If so, the vehicle would be classified as a "car" for FBT purposes. If not, the provision of the vehicle might constitute a "residual fringe benefit". Different requirements in valuing the benefit apply.</p>   |     |
| <p><b>CALCULATION OF TAXABLE VALUE</b></p>   |     |
| <p><i>STATUTORY FORMULA METHOD</i></p>   |     |
| <p><b>What is the acquisition date for the car?</b></p> <p>In calculating the taxable value of the car fringe benefit, the acquisition date may have an effect on:</p> <ul style="list-style-type: none"> <li>the statutory rate which applies, and</li> <li>whether there is a one-third reduction to the base value of the car.</li> </ul>   |     |
| <p><b>Do you have a record of the opening and closing odometer readings for the car(s)?</b></p>  |     |
| <p><b>Was a "commitment" to acquire or lease the car entered into after 7.30pm AEST on 10 May 2011 during the FBT year?</b></p> <p>A "commitment" is financially binding for at least one party and is entered into at the point there is a commitment to a transaction and it cannot be backed out of.</p> <ul style="list-style-type: none"> <li><b>If yes:</b><br/>Where a "commitment" is entered into after that time, a flat rate of 20% applies to all car fringe benefits provided in respect of such commitments. This will apply in most cases now.</li> <li><b>If no:</b><br/>The old statutory rates continue to apply.</li> </ul> |     |
| <p><b>Has there been an alteration to a commitment that existed prior to 7.30pm AEST on 10 May 2011 such that a "new commitment" was established during the FBT year?</b></p> <p>Examples of a "new commitment" arising from a pre-existing commitment include the following:</p> <ul style="list-style-type: none"> <li>the employer refinances a car</li> <li>the employer or employee alters the duration of an existing contract, and</li> <li>accessories are fitted to a leased car resulting in increased lease payments.</li> </ul>  |     |


| CAR FRINGE BENEFITS  | Y/N |
|--|-----|
| <p><b>Was the car acquired during the FBT year?</b></p> <p>Where the car was acquired during the year, you must have details relating to the "cost price" of the car.</p> <p> Remember, the "cost price" of the car includes expenditure directly attributable to the acquisition of the car. However, registration and stamp duty are excluded. Refer to TR 2011/3 for guidance on the meaning of "cost price".</p>  |     |
| <p><b>Has the car been "held" for at least four full FBT years?</b></p> <p>If so, reduce the base value of the car by one-third.</p>   |     |
| <p><b>Were there any days during the FBT year when the car was unavailable for private use?</b></p> <p>The taxable value of the car benefit is reduced by the number of days during the FBT year in which the car was not available for private use by the employee (or the employee's associate).</p> <p> For a leap year, remember to use 366 days in your calculation where relevant.</p>  |     |
| <p><b>Did the employee contribute to the running costs of the car?</b></p> <p>An employee contribution is an amount paid towards the running costs of the car from the employee's after tax income. The taxable value of the benefit is reduced by the amount of the contributions. Appropriate evidentiary documents are required to be maintained.</p> <p><b>Was the employee contribution made directly to the employer?</b></p> <p>If so, the amount is required to be included in the employer's assessable income.</p> <p>The contribution may also be treated as a taxable supply for GST purposes, in which case the employer is liable to remit GST.</p> <p>Where the amount is paid by the employee directly to a third party (such as a mechanic) and not reimbursed by the employer, the employee contribution is not assessable to the employer. The employer is also not liable for GST on the contribution.</p> |     |
| <b>OPERATING COST METHOD</b>   |     |
| <p><b>Do you have a record of the opening and closing odometer readings for the car?</b></p>   |     |
| <p><b>Was the car acquired during the FBT year?</b></p> <p><b>If yes, has a logbook been kept for a minimum continuous period of 12 weeks?</b></p> <p>A logbook is required to be maintained for a continuous 12 week period to establish the business usage. If a logbook is not maintained, the operating cost method cannot be used.</p> <p> Note that a logbook is only valid for five years. A new logbook is required after that time or earlier if the pattern and business usage of the car changes.</p>  |     |
| <p><b>Was the car replaced during the FBT year?</b></p> <p>If the car was replaced, the previously established business percentage may be transferred to the replacement car, provided the percentage had not changed.</p>   |     |

| CAR FRINGE BENEFITS  | Y/N |
|--|-----|
| <p><b>Where the car was not acquired during the FBT year, has a logbook been kept in any of the previous four FBT years?</b></p> <p>If not, a new logbook should have been maintained for a continuous 12 week period to establish the business usage. If a logbook has not been maintained, the operating cost method cannot be used.</p>   |     |
| <p><b>Is there a complete record of operating costs incurred in relation to the car during the FBT year?</b></p> <p>For example, petrol, repairs, registration, insurance etc.</p> <p> <b>Deemed depreciation (based on the FBT written down value of the car) and deemed interest must also be included in the operating costs of the car where the car is owned. Lease costs are taken into account where the car is leased.</b><br/> <i>The benchmark interest rate for the FBT year commencing on 1 April 2020 is 4.80% pa.</i></p>   |     |
| <p><b>What was the written down value of the car as at 1 April 2020?</b></p> <p>The deemed depreciation and deemed interest are calculated based on the opening written down value of the car as at 1 April 2020.</p> <p> <b>Note that the car limit used for income tax purposes does not apply when working out deemed depreciation.</b></p>   |     |
| <p><b>Did the employee contribute to the running costs of the car?</b></p> <p>An employee contribution is an amount paid towards the running costs of the car from the employee's after tax income. The taxable value of the benefit is reduced by the amount of the contributions. Appropriate evidentiary documents are required to be maintained.</p> <p><b>Was the employee contribution made directly to the employer?</b></p> <p>If so, the amount is required to be included in the employer's assessable income.<br/>         The contribution may also be treated as a taxable supply for GST purposes, in which case the employer is liable to remit GST.</p> <p>Where the amount is paid by the employee directly to a third party (such as a mechanic) and not reimbursed by the employer, the employee contribution is not assessable to the employer. The employer is also not liable for GST on the contribution.</p> |     |
| <b>EXEMPTIONS</b>  |     |
| <p><b>Is the vehicle a taxi, panel van or utility?</b></p> <p>If so, an exemption is available where there is private use of a vehicle by a current employee and the vehicle is either:</p> <ul style="list-style-type: none"> <li>• a taxi, panel van or a utility designed to carry less than one tonne, or</li> <li>• any other road vehicle designed to carry less than one tonne which is not designed to principally carry passengers, and</li> </ul> <p>the employee's use of such a vehicle is limited to:</p> <ul style="list-style-type: none"> <li>• travel between home and work (also see Miscellaneous Ruling MT 2027)</li> <li>• travel incidental to travel in the course of performing employment-related duties, and</li> <li>• non-work related use that is minor, infrequent and irregular. See also Practical Compliance Guideline PCG 2018/3).</li> </ul>  |     |


| CAR FRINGE BENEFITS   | Y/N |
|---|-----|
| <p><b>Is the vehicle a dual cab vehicle?</b></p> <p>If so, the vehicle will qualify for the work-related use exemption only if:</p> <ul style="list-style-type: none"> <li>• it is designed to carry a load of one tonne or more, or more than eight passengers, or</li> <li>• while having a designed load capacity of less than one tonne, it is not designed for the principal purpose of carrying passengers.</li> </ul> <p> <i>MT 2024 provides information to help employers work out when the use of certain motor vehicles is exempt from FBT, and what types of vehicles may qualify for the exemption.</i></p> |     |
| <p><b>Is the vehicle a “modified” vehicle?</b></p> <p>Certain modified vehicles are exempt from FBT where modifications permanently change a car and cannot be readily reversed for the car to be regularly used alternately as a passenger or non-passenger car. An example of such a vehicle is a hearse.</p> <p>Refer MT 2033 for guidance.</p>  |     |
| <p><b>Is the vehicle an unregistered vehicle?</b></p> <p>If a car is unregistered for the full FBT year and used principally for business purposes (such as off-road or cars used on farms), any private use is exempt from FBT. A car that may be lawfully driven on a public road is regarded as being registered.</p>  |     |

| DEBT WAIVER FRINGE BENEFITS  | Y/N |
|--|-----|
| <p><b>Has an employer (or associate) released the employee (or associate) from repaying an outstanding debt?</b></p> <p>A debt waiver fringe benefit arises.</p>   |     |
| <p><b>Does the debt forgiveness give rise to a deemed dividend under Division 7A ITAA36?</b></p> <p>If so, the debt waiver does not constitute a fringe benefit.</p> <p>Section 109F ITAA36 may operate to treat a forgiven debt as a deemed dividend in the hands of a current or former shareholder (or associate) of a private company even if they are also an employee of the company (see s109ZB(2) ITAA36).</p> |     |
| <p><b>Does the debt waiver constitute the forgiveness of a genuine bad debt?</b></p> <p>If so, the debt waiver is exempt from FBT.</p>   |     |
| <b>CALCULATION OF TAXABLE VALUE</b>  |     |
| <p>Calculated as the amount of the debt waived plus any unpaid interest that has also been waived.</p>   |     |
| <b>EXEMPTION</b>   |     |
| <p><b>Is the minor benefits exemption pursuant to s58P FBT Act applicable?</b></p>   |     |



| LOAN FRINGE BENEFITS  | Y/N |
|---|-----|
| Does a loan fringe benefit arise?   |     |
| Has a loan been made by an employer (or associate) to an employee (or associate)?   |     |
| Was the loan provided in respect of the employment of the employee?   |     |
| Do you know the date was the loan made?   |     |
| Do you know the amount of the loan?   |     |
| Do you know the purpose of the loan?  |     |
| Has interest been charged on the loan that is at a rate lower than the benchmark interest rate?   |     |
|  <p>The loan is not a fringe benefit where it is either:</p> <ul style="list-style-type: none"> <li>compliant with s109N ITAA36 for Division 7A purposes, or</li> <li>treated as a deemed dividend under s109D ITAA36 for Division 7A purposes.</li> </ul>   |     |
| <b>CALCULATION OF TAXABLE VALUE</b>   |     |
| <p>Calculated as the difference between the “notional interest” calculated using the benchmark interest rate and the actual interest accrued on the loan. The benchmark interest rate is 4.80% for the 2020-21 FBT year.</p>  |     |
| <b>REDUCTION IN TAXABLE VALUE</b>   |     |
| <p><b>Would the notional interest on the loan be allowable as a once-off income tax deduction to the employee?</b></p> <p>Apply the “otherwise deductible rule” to reduce the taxable value to nil. Employee to complete “loan fringe benefit declaration”.</p>  <p>The otherwise deductible rule does not apply to loan fringe benefits provided to an associate of an employee (see TD 93/90).</p> |     |
| <b>EXEMPTION</b>  |     |
| <p><b>Is the minor benefits exemption pursuant to s58P FBT Act applicable?</b></p>  |     |
| <p><b>Did the loan constitute an advance of money by the employer to the employee to meet employment-related expenditure which will be incurred within six months?</b></p> <p>If yes, an exemption is available.</p>  |     |


| EXPENSE PAYMENT FRINGE BENEFITS  | Y/N |
|--|-----|
| <p><b>Does an expense payment fringe benefit arise?</b></p>  |     |
| <p><b>Did an employer (or associate) pay or reimburse an employee (or associate) for any expenses incurred by the employee (or associate)?</b></p>   |     |
| <p><b>Was the payment or reimbursement for an item that was used solely for an income-generating purpose?</b></p> <p>If yes, a fringe benefit does not arise.</p> <p>Employee to complete <i>Expense payment fringe benefit declaration</i>.</p>   |     |
| <p><b>Was the expenditure reimbursement by the employer to the employee on a cents-per-kilometre basis?</b></p> <p>If yes, the payment is FBT exempt. Note that the employee will be assessed on this reimbursement and the amount will need to be included in the employee's payment summary.</p>   |     |
| CALCULATION OF TAXABLE VALUE   |     |
| <p><b>External expense payment fringe benefits</b></p> <p>The amount of expenditure incurred by the employee which is paid or reimbursed by the employer.</p>  |     |
| <p><b>Internal expense payment fringe benefits</b></p> <p>In-house property expense payment fringe benefits: is the amount that would have been the valuation of an in-house property fringe benefit if the expense payment fringe benefit were a property benefit.</p> <p>In-house residual expense payment fringe benefits (those that are not covered under a specific category in the FBT Act, such as the provision of professional work): is the amount that would have been the valuation of an in-house residual fringe benefit if the expense payment fringe benefit were a residual benefit.</p> <p> <b>Special valuation rules for in-house fringe benefits accessed through a salary sacrifice arrangement apply.</b></p> |     |
| REDUCTION IN TAXABLE VALUE   |     |
| <p><b>Did the employee contribute towards the provision of the benefit?</b></p> <p>Reduce the taxable value by the amount of the employee's contribution.</p>  |     |
| <p><b>Would the payment or reimbursement have resulted in a one-off deduction (in full or part) to the employee in their income tax return?</b></p> <p>Apply the "otherwise deductible" rule.</p>  |     |
| <p><b>Where the expense payment fringe benefit constitutes an in-house expense payment fringe benefit, has the \$1,000 exemption for all in-house benefits been applied?</b></p>   |     |
| <p><b>Was the in-house expense payment fringe benefit provided by way of a "salary sacrifice arrangement"?</b></p> <p>If so, the \$1,000 exemption in respect of the relevant employee does not apply where such benefits are provided during the FBT year.</p>  |     |



| EXPENSE PAYMENT FRINGE BENEFITS  | Y/N |
|--|-----|
| <b>EXEMPTION</b>   |     |
| <p><b>Is the minor benefits exemption pursuant to s58P FBT Act applicable?</b></p>   |     |
| <p><b>Is an exemption available for a work-related item which is used primarily in the employee’s employment?</b></p> <p>These work-related items include a portable electronic device (including mobile phones, laptops and tablet pcs), briefcase, tool of trade or an item of computer software, or protective clothing. Specific conditions apply to the provision of portable electronic devices.</p> <p> <i>Employers who are eligible small businesses (ie aggregated annual turnover of less than \$10 million) can provide multiple work-related portable electronic devices (such as laptops and tablets).</i></p>  |     |
| <p><b>Is an exemption available for the reimbursement of the following:</b></p> <ul style="list-style-type: none"> <li>• membership fees and subscriptions to: <ul style="list-style-type: none"> <li>- a trade or professional journal</li> <li>- use a corporate credit card, or</li> <li>- an airport lounge membership</li> </ul> </li> <li>• newspapers and periodicals to employees for business purposes, and</li> <li>• expenses relating to emergency assistance such as: <ul style="list-style-type: none"> <li>- first aid or other emergency health care,</li> <li>- emergency meals, food supplies, clothing, accommodation, transport or use of household goods,</li> <li>- temporary repairs, and</li> <li>- any similar matter.</li> </ul> </li> </ul> |     |



| HOUSING FRINGE BENEFITS   | Y/N |
|---|-----|
| <p><b>Does a housing fringe benefit arise?</b></p>  |     |
| <p><b>Has an employer (or associate) provided an employee (or associate) with a right to occupy a “unit of accommodation” as the usual place of residence of the employee (or associate)?</b></p> <p>A housing fringe benefit will arise except where an exemption applies.</p> <p>An exemption will arise where the benefit constitutes remote area housing.</p> |     |
| REDUCTION IN TAXABLE VALUE  |     |
| <p><b>Did the employee contribute towards the provision of the benefit?</b></p> <p>Reduce the taxable value by the amount of the employee’s contribution.</p>   |     |



| LIVING-AWAY-FROM-HOME ALLOWANCE (LAFHA)   | Y/N |
|---|-----|
| <p>Does a LAFHA benefit arise?</p>  |     |
| <p>Was an employee paid an allowance by an employer as compensation for additional expenses because the employee was required to live away from his or her usual place of residence to perform employment duties during the FBT year?</p> <p>If yes: The LAFHA rules may apply.</p>   |     |
| <p><b>CALCULATION OF TAXABLE VALUE</b></p>  |     |
| <p>For LAFHAs and benefits provided has the calculation of the taxable value of the LAFHA or benefit provided taken into account the following:</p> <ul style="list-style-type: none"> <li>the employee is working on a fly-in, fly-out or drive-in, drive-out basis and is entitled to concessional treatment?</li> <li>the employee is maintaining a home in Australia and therefore, the concession is limited to 12 months? (An employer may pause the 12 month period or start a separate 12 month period if certain conditions are met).</li> <li>the employee does not satisfy the requirements for concessional treatment?</li> </ul> <p>Refer to TD 2020/4 for reasonable amounts for food and drink expenses incurred by employees receiving a LAFHA fringe benefit, for the period from 1 April 2020 to 31 March 2021.</p> |     |
| <p><b>DECLARATIONS AND SUBSTANTIATION</b></p>   |     |
| <p>Have the relevant LAFHA declarations been sought from employees in receipt of allowances or benefits before the lodgment day of the FBT return?</p> <p> The Tax Office has released on its website pro-forma LAFHA declarations.</p> <p>The declarations include:</p> <ul style="list-style-type: none"> <li>Employees who fly-in, fly-our or drive-in or drive-out</li> <li>Employee related expenses, and</li> <li>Employees who maintain a home in Australia</li> </ul>  |     |
| <p>Has documentary evidence been obtained from the employee to substantiate accommodation expenses and food expenses (if reasonable amounts are not being used)?</p> <p>Alternatively, has a declaration for employee related expenses been obtained?</p> <p> If a declaration is made, the record must be maintained for 5 years from when the declaration is made.</p>   |     |
| <p><b>RELOCATION COSTS</b></p>  |     |
| <p>Were any of the following expenses incurred in relation to the employee relocating from their usual place of residence to perform employment-related duties:</p> <ul style="list-style-type: none"> <li>engagement of a relocation consultant</li> <li>removal and storage of household effects</li> <li>sale or acquisition of a dwelling</li> <li>connection or reconnection of certain utilities (eg water, electricity), and</li> <li>transport of the employee (and family members) and any meals and accommodation en-route to the new location?</li> </ul> <p>The provision of such benefits either as an expense payment, property or residual fringe benefit is typically exempt from FBT.</p>  |     |

| AIRLINE FRINGE BENEFITS   | Y/N |
|---|-----|
|  <p>Airline transport fringe benefits were a separate category of fringe benefit, however they are now taxed under the in-house property or in-house residual fringe benefit provisions.<br/>An airline transport fringe benefit is only provided when an employee or their associate commences the relevant travel (and not when it is booked).</p> |     |
| <p><b>Does an airline fringe benefit arise?</b></p> <p>Was free or discounted transport in a passenger aircraft provided by an airline operator (or associate) to an employee (or associate)?</p>   |     |
| <p><b>Was the airline fringe benefit part of a salary packaging arrangement?</b></p>  |     |
| <p><b>Yes:</b></p> <ul style="list-style-type: none"> <li>• Taxable Value = notional value of the benefit less any employee contribution.</li> </ul>  |     |
| <p><b>No:</b></p> <ul style="list-style-type: none"> <li>• Taxable Value = 75% of the stand-by airline travel value of the benefit, less any employee contribution.</li> </ul>  |     |
| <p><b>REDUCTION IN TAXABLE VALUE</b></p>  |     |
| <p><b>Did the employee contribute towards the provision of the benefit?</b></p> <p>Reduce the taxable value by the amount of the employee's contribution.</p>   |     |
| <p><b>Was the employee entitled to a deduction (in their personal tax return) if they had incurred expenditure equal to the taxable value of the benefit after reduction for any consideration paid by the employee?</b></p> <p>If yes, apply the "otherwise deductible rule" to reduce the taxable value to nil. Employee to complete "Airline Transport Benefit Declaration".</p>   |     |

| BOARD FRINGE BENEFITS  | Y/N |
|--|-----|
| <p><b>Does a board fringe benefit arise?</b></p>   |     |
| <p><b>Was a meal provided to an employee (or associate) where the following conditions are satisfied:</b></p> <ul style="list-style-type: none"> <li>• there is an entitlement under an industrial award or employment arrangement to be provided with residential accommodation and at least two meals per day</li> <li>• the meal is supplied by either: <ul style="list-style-type: none"> <li>- where the employer is not a company – the employer, or</li> <li>- where the employer is a company – the employer or a related company</li> </ul> </li> <li>• either of the following applies: <ul style="list-style-type: none"> <li>- the meal is cooked or prepared on the premises of the employer (or related company) and is provided to the recipient on employer’s premises (other than a public dining facility), or</li> <li>- the following conditions are satisfied: <ul style="list-style-type: none"> <li>- the employee’s duties consist principally of duties to be performed in, or in connection with, an eligible dining facility of the employer or a facility for the provision of accommodation, recreation or travel which includes the dining facility</li> <li>- the meal is cooked or prepared in the cooking facility of the dining facility, and</li> <li>- the meal is provided to the recipient in the dining facility</li> </ul> </li> </ul> </li> <li>• the facility in which the meal is cooked or prepared is not used wholly or principally for cooking or meal preparation for the employee or their associates, and</li> <li>• the meal is not provided at a social function (eg party or reception).</li> </ul> |     |
| <b>CALCULATION OF TAXABLE VALUE</b>  |     |
| <p>Where the recipient of the board fringe benefit is:</p> <ul style="list-style-type: none"> <li>• 12 years or over before 1 April – the taxable value is \$2 per meal, and</li> <li>• 11 years or younger before 1 April – the taxable value is \$1 per meal.</li> </ul>   |     |
| <b>REDUCTION IN TAXABLE VALUE</b>  |     |
| <p><b>Did the employee contribute towards the provision of the benefit?</b></p> <p>Reduce the taxable value by the amount of the employee’s contribution.</p>  |     |
| <p><b>Was the employee entitled to a deduction (in their personal tax return) if they had incurred expenditure equal to the taxable value of the benefit after reduction for any consideration paid by the employee?</b></p> <p>If yes, apply the “otherwise deductible” rule.</p>   |     |

| MEAL ENTERTAINMENT FRINGE BENEFITS  | Y/N |
|---|-----|
| <p><b>Does a meal entertainment fringe benefit arise?</b></p>   |     |
| <p><b>Has entertainment been provided to an employee (or associate) by way of food or drink, accommodation or travel in connection with the provision of food or drink or recreation?</b></p>   |     |
| <p><b>CALCULATION OF TAXABLE VALUE</b></p>  |     |
| <p><b>Has an election been made to use either the 50/50 split method or the 12 week register method?</b></p> <p>If no election is made, the benefit is typically treated as either a property, expense payment or residual fringe benefit and the taxable value calculated based on the rules for those types of benefits (ie the actual method).</p> <ul style="list-style-type: none"> <li>• <b>50/50 split method – has all expenditure in respect of all persons been included?</b></li> <li>• <b>12 week register method:</b> <ul style="list-style-type: none"> <li>- <b>Has all expenditure in respect of all persons been included?</b></li> <li>- <b>Does the register include details of the date, cost, location and persons in relation to the meal entertainment?</b></li> </ul> </li> </ul> <p>See TR 1997/17 for guidance on the various circumstances where food and drink is provided and the applicable FBT and income tax treatment.</p> |     |
| <p><b>Where the actual method is used:</b></p> <ul style="list-style-type: none"> <li>• <b>Has the food or drink been consumed by current employees on the employer’s business premises on a working day?</b></li> </ul> <p>If so, apply the s41 FBT Act exemption relating to property benefits.</p> <ul style="list-style-type: none"> <li>• <b>Is the minor benefits exemption pursuant to s58P FBT Act applicable?</b></li> </ul> <p>See TR 2007/12 for guidance on the minor benefit rule where multiple benefits are provided (eg meal and gifts at a Christmas party).</p>   |     |
| <p><b>REDUCTION IN TAXABLE VALUE</b></p>  |     |
| <p><b>Did the employee contribute towards the provision of the benefit?</b></p> <p>Reduce the taxable value by the amount of the employee’s contribution.</p>   |     |



| ENTERTAINMENT LEASING FACILITY EXPENSES  | Y/N |
|--|-----|
| <p><b>Did an entertainment leasing facility expense fringe benefit arise?</b></p>  |     |
| <p><b>Has entertainment been provided to an employee (or associate) by way of the employer incurring “entertainment leasing facility expenses”?</b></p> <p>This includes the hire or leasing of a corporate box, boats or planes or “other premises or facilities” for providing entertainment.</p> <p> <i>Expenses, or parts of expenses, that are not entertainment facility leasing expenses for these purposes are:</i></p> <ul style="list-style-type: none"> <li>• expenses attributable to providing food or beverages</li> <li>• expenses attributable to advertising that would be an allowable income tax deduction.</li> </ul>   |     |
| <p><b>CALCULATION OF TAXABLE VALUE</b></p>   |     |
| <p><b>For meal entertainment, has an election been made to use the 50/50 split method?</b></p> <p>If no election is made, the benefit is typically treated as either a property, expense payment or residual fringe benefit and the taxable value calculated based on the rules for those types of benefits (ie the actual method).</p> <p><b>Where the actual is used, is the minor benefits exemption pursuant to s58P FBT Act applicable?</b></p> <p> <i>From 1 April 2016, a new cap of \$5,000 for salary sacrificed “meal entertainment” and “entertainment facility leasing expenses” for employees of certain non-for-profits applies. Certain amounts are also reportable.</i></p> |     |
| <p><b>REDUCTION IN TAXABLE VALUE</b></p>   |     |
| <p><b>Did the employee contribute towards the provision of the benefit?</b></p> <p>Reduce the taxable value by the amount of the employee’s contribution.</p>  |     |


| TAX-EXEMPT BODY ENTERTAINMENT FRINGE BENEFITS  | Y/N |
|--|-----|
| <p><b>Does a tax-exempt body entertainment fringe benefit arise?</b></p> <p> <i>A charity must be endorsed in order to be income tax exempt.</i></p>  |     |
| <p><b>Has entertainment been provided to an employee by a tax-exempt body (an organisation that is wholly or partially exempt from tax)?</b></p> <p>Where this is the case, a separate category of fringe benefit arises (referred to as a “tax-exempt body entertainment fringe benefit”. It is only non-deductible entertainment that falls within this category of benefit (e.g. a meal at a party). Refer to TR 97/17 for further guidance.</p> <p> <i>A tax-exempt body is an entity which is either:</i></p> <ul style="list-style-type: none"> <li>• <i>wholly exempt from income tax (eg a club that earns income from members only), or</i></li> <li>• <i>partially exempt from income tax (eg a club that earns income from both members and non-members).</i></li> </ul> |     |
| <b>CALCULATION OF TAXABLE VALUE</b>  |     |
| <p>Equal to the expenditure incurred in the provision of the entertainment.</p>  |     |
| <b>REDUCTION IN TAXABLE VALUE</b>  |     |
| <p><b>Did the employee contribute towards the provision of the benefit?</b></p> <p>Reduce the taxable value by the amount of the employee’s contribution.</p>  |     |
| <b>EXEMPTION</b>   |     |
| <p><b>Is the minor benefits exemption pursuant to s58P FBT Act applicable?</b></p>   |     |



| CAR PARKING FRINGE BENEFITS   | Y/N |
|---|-----|
| <p><b>Does a car parking fringe benefit arise?</b></p> <p>A car parking fringe benefit arises in relation to a particular day where all of the following conditions are present on that day:</p> <ul style="list-style-type: none"> <li>the car is parked on business premises or associated premises of the provider</li> <li>a commercial parking station is located within a 1 kilometre radius of the premises at which the car is parked</li> <li>the lowest fee charged by the operator of any such commercial parking station located within a 1 kilometre radius for all-day parking on the first “business day” of the FBT year is more than the “car parking threshold” (\$9.15 for the 2020-21 FBT year).</li> <li>the car is parked on the premises for more than 4 hours (cumulative) between 7.00am and 7.00pm on that day</li> <li>the car is used for travel between home and work at least once on that day</li> <li>the provision of the parking facility is in respect of the employment of the employee</li> <li>the car is owned by, leased to, or otherwise under the control of the employee, and</li> <li>the employee has a primary place of employment on that day and the parking is at or in the vicinity of that primary place of employment.</li> </ul> |     |
| <p><b>CALCULATION OF TAXABLE VALUE</b></p>  |     |
| <p>The taxable value of a car parking fringe benefit can be determined using either:</p> <ul style="list-style-type: none"> <li>the commercial car parking station method</li> <li>the market value method, or</li> <li>the average cost method.</li> </ul>   |     |
| <p>The number of car parks can be determined using:</p> <ul style="list-style-type: none"> <li>the actual number of benefits provided</li> <li>the statutory formula (spaces) method, or</li> <li>the 12 week register method.</li> </ul>   |     |
| <p>An exemption will arise where any of the following circumstances exist:</p> <ul style="list-style-type: none"> <li>the car parking benefit is provided by an employer where all of the following conditions are satisfied: <ul style="list-style-type: none"> <li>the employer, for the income year ending most recently before the start of this FBT year, either: <ol style="list-style-type: none"> <li>was a small business entity (SBE), or</li> <li>derived total income of less than \$10 million</li> </ol> </li> <li>the car is not parked at a commercial parking station</li> <li>the employer is not a public company or a subsidiary of a public company on the day on which the benefit is provided, and</li> <li>the employer is not a government body</li> </ul> </li> <li>the employer is one of the following types: a public education institution, a charitable institution, a religious institution or a scientific institution</li> <li>the employer is a government body and the employee is exclusively employed in a public educational institution, or</li> <li>the car park has been provided to a disabled employee.</li> </ul>  |     |

| PROPERTY FRINGE BENEFITS   | Y/N |
|--|-----|
| <p><b>Does a property fringe benefit arise?</b></p>  |     |
| <p><b>Was any property provided in respect of an employee’s employment?</b></p> <p>Property includes both tangible and intangible property eg goods, shares and real property.</p>   |     |
| <b>CALCULATION OF TAXABLE VALUE</b>  |     |
| <p><b>Has tangible property been provided by an employer to an employee (or associate)?</b></p> <p>If yes, then the benefit constitutes an in-house property fringe benefit and the valuation rules relating to in-house property fringe benefits need to be applied. Otherwise, apply the valuation rules relating to the provision of external property fringe benefits.</p>   |     |
| <b>REDUCTION IN TAXABLE VALUE</b>  |     |
| <p><b>Where the property fringe benefit constitutes an in-house property fringe benefit, has the \$1,000 exemption for all in-house benefits been applied?</b></p> <p><b>Was the in-house property fringe benefit provided by way of a “salary sacrifice arrangement”?</b></p> <p>If so, the \$1,000 exemption in respect of the relevant employee does not apply where such benefits are provided. Refer to <i>Tax Summary 2020-21</i> at 25.1078 “In-house benefits”.</p>  |     |
| <p><b>Did the employee contribute towards the provision of the benefit?</b></p> <p>Reduce the taxable value by the amount of the employee’s contribution.</p>  |     |
| <p><b>Would the employee be entitled to a deduction (in their personal tax return) if they had incurred expenditure equal to the taxable value of the benefit after reduction for any consideration paid by the employee?</b></p> <p>If yes, apply the “otherwise deductible” rule to reduce the taxable value to nil. Employee to complete “Property Benefit Declaration”.</p>  |     |
| <b>EXEMPTION</b>   |     |
| <p><b>Is the minor benefits exemption pursuant to s58P FBT Act applicable?</b></p>   |     |
| <p><b>Is an exemption available for a work-related item which is used primarily in the employee’s employment?</b></p> <p>i.e. a portable electronic device (including mobile phones, laptops and tablet pcs), briefcase, tool of trade or an item of computer software, or protective clothing.</p>  |     |
| <p><b>Is an exemption available for the provision of:</b></p> <ul style="list-style-type: none"> <li>• <b>membership fees and subscriptions to:</b> <ul style="list-style-type: none"> <li>- a trade or professional journal,</li> <li>- use of a corporate credit card, or</li> <li>- an airport lounge membership</li> </ul> </li> <li>• <b>newspapers and periodicals to employees for business purposes, and</b></li> <li>• <b>expenses relating to emergency assistance such as:</b> <ul style="list-style-type: none"> <li>- first aid or other emergency health care</li> <li>- emergency meals, food supplies, clothing, accommodation, transport or use of household goods,</li> <li>- temporary repairs, and</li> <li>- any similar matter?</li> </ul> </li> </ul> |     |

| RESIDUAL FRINGE BENEFITS  | Y/N |
|---|-----|
| <p>Does a residual fringe benefit arise?</p>  |     |
| <p>Has a fringe benefit been provided by an employer to an employee which does not fall within any other specific fringe benefit category in the FBT Act?</p>   |     |
| CALCULATION OF TAXABLE VALUE  |     |
| <p>Does the benefit consists of, or include the provision of, identical or similar benefits to the public in the ordinary course of business?</p> <p>If yes, apply the valuation rules relating to the provision of in-house residual fringe benefits. If not, apply the valuation rules relating to external residual fringe benefits.</p> <p> Beware of valuation rules for in-house fringe benefits accessed through a salary sacrifice arrangement. Refer to Tax Summary 2019-20 at 25.1078 In house benefits.</p>                           |     |
| REDUCTION IN TAXABLE VALUE  |     |
| <p>Where the residual fringe benefit is an in-house residual fringe benefit consisting of goods or services of a kind sold or provided in the ordinary course of the employer’s business, has the taxable value been reduced by \$1,000 for all in- house benefits?</p> <p>Was the in-house residual fringe benefit provided by way of a “salary sacrifice arrangement”?</p> <p>If so, the \$1,000 exemption in respect of the relevant employee does not apply where such benefits are provided on or after 22 October 2012. Refer to Tax Summary 2020-21 at 25.813 In house fringe benefits – salary sacrifice arrangement.</p> |     |
| <p>Did the employee contribute towards the provision of the benefit?</p> <p>Reduce the taxable value by the amount of the employee’s contribution.</p>  |     |
| <p>Was the employee entitled to a deduction (in their personal tax return) if they had incurred expenditure equal to the taxable value of the benefit after reduction for any consideration paid by the employee?</p> <p>If yes, apply the “otherwise deductible rule” to reduce the taxable value to nil. Employee to complete <i>Residual Benefit Declaration</i>.</p>  |     |
| EXEMPTION   |     |
| <p>Is the minor benefits exemption pursuant to s58P FBT Act applicable?</p>   |     |
| <p>Is an exemption available for a work-related item which is used primarily in the employee’s employment?</p> <p>i.e. a portable electronic device (including mobile phones, laptops, tablet, PC), briefcase, tool of trade or an item of computer software, or protective clothing.</p> <p> Employers who are eligible small businesses (eg aggregated annual turnover of less than \$10 million, can provide multiple work-related portable electronic devices.</p>   |     |

| CALCULATION OF FBT LIABILITY FOR 2020-21   | Y/N |
|--|-----|
| <b>GROSS-UP RATE</b>   |     |
| <p><b>Have you identified whether each taxable fringe benefit provided is a Type 1 or a Type 2 benefit?</b></p> <ul style="list-style-type: none"> <li>• <b>Type 1:</b> you are entitled to an input tax credit in relation to the provision of the fringe benefit.</li> <li>• <b>Type 2:</b> you are not entitled to an input tax credit in relation to the provision of the fringe benefit. Refer TR 2001/2 for details.</li> </ul>  |     |
| <p>Gross-up the aggregate of Type 1 and Type 2 fringe benefits by the relevant gross-up rate.</p> <ul style="list-style-type: none"> <li>• <b>Type 1:</b> gross-up rate of 2.0802.</li> <li>• <b>Type 2:</b> gross-up rate of 1.8868.</li> </ul>   |     |
| <p>Multiply the total grossed-up taxable values by the FBT rate of 47%.</p>  |     |
| <b>FBT EXEMPTION</b>   |     |
| <p><b>Are you eligible for FBT exemption?</b></p> <p>The types of organisations eligible for FBT exemption include:</p> <ul style="list-style-type: none"> <li>• public benevolent institutions (other than hospitals)</li> <li>• health promotion charities</li> <li>• public and non-profit hospitals, and</li> <li>• public ambulance services.</li> </ul> <p> <i>Endorsement from the ATO is generally required.</i></p>  |     |
| <p><b>If you are eligible for FBT exemption, have you applied the relevant capping threshold (per employee) to the grossed-up value of benefits provided?</b></p> <p>Benefits that an FBT-exempt employer provides to its employees are exempt from FBT where the total grossed-up value of certain benefits for each employee during the FBT year is equal to, or less than, the capping threshold.</p> <p>The relevant capping thresholds per employee per FBT year are:</p> <ul style="list-style-type: none"> <li>• public benevolent institutions (other than hospitals) - \$30,000</li> <li>• health promotion charities - \$30,000</li> <li>• public and non-profit hospitals - \$17,000, and</li> <li>• public ambulance services - \$17,000.</li> </ul> <p>The full capping threshold applies for the FBT year even if the employee was not employed by the organisation for the full year.</p> |     |

**FBT REBATE**

**Are you a rebatable employer?**

Certain non-government, non-profit organisations are eligible for the FBT rebate. These include:

- certain religious, educational, charitable, scientific or public educational institutions
- trade unions and employer associations
- organisations established to encourage music, art, literature, science, a game, a sport or animal races
- organisations established for community service purposes
- organisations established to promote the development of aviation or tourism
- organisations established to promote the development of information and communications technology resources, and
- organisations established to promote the development of agricultural (etc), fishing, manufacturing or industrial resources.





*Endorsement for FBT rebatable status is required from the Tax Office for charities.*

Reduce FBT liability by a rebate equal to 47% of the gross liability subject to a capping threshold.

The capping threshold is \$30,000 per employee per FBT year.

The full capping threshold applies for the FBT year even if the employee was not employed by the organisation for the full year.

| REPORTABLE FRINGE BENEFITS FOR 2020-21   | Y/N  |
|--|--|
| <b>REPORTABLE FRINGE BENEFIT AMOUNTS</b>   |  |
| <p><b>Have you identified employees in which the taxable value of fringe benefits provided to that employee and their associates exceed \$2,000 for the FBT year?</b></p>  |  |
| <p><b>Have you excluded the following fringe benefits in determining the reportable fringe benefit amount for the employee?</b></p> <p>These exclusions include:</p> <ul style="list-style-type: none"> <li>entertainment in the form of food and drink, including benefits associated with that entertainment, such as travel and accommodation</li> <li>car parking fringe benefits, apart from eligible car parking expense payments</li> <li>hired or leased entertainment facilities, such as corporate boxes</li> <li>remote area housing assistance, home ownership schemes, and repurchase schemes where the value of the benefit is reduced under FBT law</li> <li>costs of occasional travel to a major Australian population centre by an employee and their family if they live in a remote area</li> <li>freight costs for an employee's food if they live in a remote area</li> <li>fringe benefits an employee receives to ensure security and personal safety because of their job</li> <li>emergency or other essential health care an employee receives as an Australian citizen or permanent resident while working outside Australia and a Medicare benefit cannot be claimed</li> <li>certain Australian Government overseas living allowance payments</li> <li>certain benefits provided to an employee who is a defence force member</li> <li>certain benefits provided to an employee who is a police officer</li> <li>car benefits coming from an employee's private use of pooled or shared cars.</li> </ul> |  |
| <b>PAYMENT SUMMARIES</b>   |  |
| <p><b>For the 2020-21 FBT year, have you grossed-up the taxable value for the employee by the lower gross-up rate of 1.8868?</b></p>   |  |
| <p><b>Has this amount been included this as a reportable fringe benefit amount in the employee's payment summary for the year ended 30 June 2021?</b></p>  |  |
|   | <p><i>The reportable fringe benefit amount shown on the employee's payment summary should not be less than \$3,773.60 for the year ended 30 June 2021.</i></p> |
|   | <p><i>Note also that the Type 2 amount will remain at 1.8868 from 1 April 2021.</i></p>  |