

## Fringe Benefits Tax

Fringe benefits tax (FBT) is paid on particular benefits employers provide to their employees or their employees' associates instead of salary or wages. Benefits can be provided by an employer, an associate of the employer, or a third party by arrangement with the employer. An employee can be a former, current, or future employee.

FBT is separate from income tax and based on the taxable value of the various fringe benefits provided. The FBT year runs from 1 April - 31 March.

The following categories of fringe benefits apply, with specific valuation properties applicable to each category:

- **Car** – e.g. letting employees use a work vehicle for a private purpose
- **Car parking**
- **Debt waiver**
- **Entertainment** – e.g. food, drink, recreation
- **Expense payment** – e.g. reimbursing an expense incurred by an employee such as school fees
- **Housing**
- **Living Away From Home Allowance** – there have been significant changes to the Living Away From Home Allowance rules. Please contact us for further details
- **Loan** - e.g. granting an employee a cheap loan
- **Property**
- **Residual**

The following are NOT fringe benefits:

- Approved employee share acquisition schemes
- Employer contributions to complying superannuation funds
- Employment termination payments - e.g. company car given or sold to employee when they leave
- Certain benefits provided by religious institutions to their religious practitioner

You can reduce the amount of FBT you pay by:

- Replacing fringe benefits with a cash salary
- Providing benefits that your employees would be entitled to claim as an income tax deduction if they had paid for the benefits themselves
- Providing benefits that are exempt from FBT
- Using employee contributions

Fringe Benefits Tax is always paid by the employer, not the employee.

The FBT rate is as follows:

47% 1 April 2014 – 31 March 2015	49% 1 April 2016 – 31 March 2017
49% 1 April 2015 - 31 March 2016	47% 1 April 2017 – 31 March 2018
<b>47% 1 April 2018 – 31 March 2019</b>	<b>47% 1 April 2019 – 31 March 2020</b>

Please Note: Many of the comments in this publication are general in nature and anyone intending to apply the information to practical circumstances should seek professional advice to independently verify their interpretation and the information's applicability to their particular circumstances.

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