



FBT fact sheet

- <https://www.ato.gov.au/General/Gen/FBT-fact-sheet/>
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Fringe Benefits Tax (FBT) fact sheet



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Introduction to Fringe Benefits Tax

This fact sheet explains fringe benefits tax (FBT) and helps employers work out if they are providing a fringe benefit to their employees.

What fringe benefits tax is

FBT is separate from income tax. It is a tax paid on certain benefits provided to employees or employees' associates, because of the employee's employment. Employees' associates are typically their family members.

What a fringe benefit is

A fringe benefit is a benefit provided to an employee (or their associate) because that person is an employee. Benefits can also be provided by a third party under an arrangement with the employer. An employee can be a current, future or former employee.

If you are a director and run your business through a company, you may be regarded as an employee of that company. This may mean that fringe benefits provided to yourself result in your company having FBT obligations.

Examples of fringe benefits include:

- allowing an employee to use a work car or other vehicle for the employee's own private purposes (including taking the car home overnight)
- giving an employee a cheap or interest free loan

- paying an employee's private health insurance, children's school fees or giving them tickets to sporting events or other entertainment.

Example: Car fringe benefit

Michelle is the director and an employee of a company. The company owns and operates a bakery and has a car which is used for deliveries. Michelle is allowed to take the car home on the weekends. She uses the car on the weekends for her own private use, such as going grocery shopping and taking her children to and from sporting activities. The company is providing Michelle with a fringe benefit.

The following are not fringe benefits:

- payments of salary or wages
- shares provided to an employee under an approved employee share acquisition scheme
- employer contributions to complying superannuation funds, and
- employment termination payments (for example, a company car sold or given to an employee when they resign or retire).

There are also some benefits that are exempt from FBT.

The best way to find out what counts as a fringe benefit and what doesn't is to talk to your tax adviser.

Paying FBT

Employers pay FBT, even if the benefit is provided by an associate or by a third party under an arrangement with the employer. For example, if a supplier of goods to your business provides goods or services to your employees for free or at a reduced cost under an arrangement with you as the employer, then it is you who is liable for any FBT owing.

In most cases, employers can claim an income tax deduction for the cost of providing the fringe benefit and for any fringe benefits tax they pay as a result.

There are ways of reducing the amount of FBT payable, so consult your tax adviser for more information.

Obligations if you provide fringe benefits

1. Calculate how much FBT you have to pay
Employers must self-assess and calculate how much FBT they must pay each FBT year.
2. Keep the necessary FBT records
The FBT law requires employers to keep certain records relating to the fringe benefits they provide.
3. Register for FBT
We recommend employers register once they establish that they must pay FBT.

4. Report fringe benefits on employee payment summaries
Employers must report certain fringe benefits on employees' payment summaries.
5. Lodge an FBT return and pay FBT to the Tax Office
A return covering the FBT year, which runs from 1 April to the following 31 March should be lodged by 21 May each year.

Need More Information

For more information on your FBT obligations consult your tax adviser or contact the Tax Office on 13 28 66. If you don't speak English well and want to talk to a tax officer, phone the Translating and Interpreting Service on 13 14 50 for help with your call.

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