

2017 FBT CHECKLIST

01/04/2016 – 31/03/2017

Date: ___/___/_____

	CURRENT INFORMATION
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How to use this checklist

This checklist is a summary guide to the procedures and mechanics for preparing the 2017 FBT return. This check list covers the period 01/04/16 to 31/03/17. Accordingly, this check list, cannot cover all the issues and therefore as accountants we are to refer to the relevant legislation o. For any issues that potentially is not covered, please bring it to our attention for specialist advice.

- Step 1** Identify the potential areas of expenditure or benefits that may be subject to fringe benefits tax. (refer to pages 4 to 11 for a checklist of benefits that may give rise to fringe benefits tax)
- Step 2** Determine what information is required to be extracted from the accounting records. This depends on:
- the category of the benefit (refer to pages 4 to 11 for various categories of benefits)
 - the method or formula selected. (refer to step 3 below)
- Step 3** Choose the formula which gives the most tax effective result for the effort expended. (refer pages 12 to 16 for a list of formulae)
- Step 4** Perform and record calculations.
- Step 5** Ensure that the necessary documentation is kept to substantiate the taxable value of the fringe benefits. Please note that this should also include calculations and recording of benefits that are either exempt or have a nil value. (refer page 19)
- Step 6** Compilation of the FBT return.
- Step 7** Consider tax planning opportunities for 2018 fringe benefits tax year and salary packaging options. (refer pages 20 to 21)

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Checklist of benefits

Expenditure/benefit	Applicable (Yes/No) Completed date	Work page	Data required	Type of benefit
Cars				
<p><i>Benefit arises where:</i></p> <ul style="list-style-type: none"> a car is owned or leased by the employer, associate or third party 			<p>Operating cost method (refer formula 1.1)</p> <ul style="list-style-type: none"> election to use operating cost method evidenced in working papers log book kept over a 12 week period to establish the business percentage which can then be applied for up to four subsequent years odometer readings at the beginning and end of the year car expenses – such as petrol and repairs, registration and insurance depreciation and imputed interest (where the car is owned) lease costs (where the car is leased) employee contributions (if any). 	Car fringe benefit
<ul style="list-style-type: none"> is made available to the employee or associate for private purposes 				
<ul style="list-style-type: none"> the car is provided in respect of employment. 				
<p><i>Exemptions include:</i></p> <ul style="list-style-type: none"> minor non-work related use by an employee of certain commercial vehicles such as panel vans, taxis or utilities designed to carry a load of less than one tonne unregistered vehicles. 				
			<p>Statutory formula method (refer formula 1.2)</p> <ul style="list-style-type: none"> cost of motor vehicle date of purchase days available for private use during year employee contributions (if any) last commitment date of motor vehicle 	Car fringe benefit
<p><i>Benefit arises where:</i></p> <ul style="list-style-type: none"> car expenses are reimbursed by the employer 			<p>Reimbursement of employee's motor vehicle expenses</p> <ul style="list-style-type: none"> amount of expense percentage of private use employee contributions (if any). 	Expense payment fringe benefit
<ul style="list-style-type: none"> the car is owned/leased by the employee/associate 				
<ul style="list-style-type: none"> the benefit is provided in respect of employment. 				
<p><i>Exemptions include:</i></p> <ul style="list-style-type: none"> where the employer compensates the employee on a cents per kilometre basis (the amount of the reimbursement is income to the employee) running costs incurred in relation to the provision of a car fringe benefit valued under the statutory formula method. 				

Checklist of benefits

Expenditure/benefit	Applicable (Yes/No) Completed date	Work page	Data required	Type of benefit
Loans				
<p><i>Benefit arises where:</i></p> <ul style="list-style-type: none"> a loan is provided to an employee or associate 			<p>Loan benefit (refer formula 2)</p> <ul style="list-style-type: none"> date the loan commenced amount of the loan details of interest rate and payment dates over loan term (if any) purpose of the loan (i.e. if income producing this will reduce the amount of the fringe benefit) interest paid by the employee (if any) balance of the loan during the period declaration may be required. 	Loan fringe benefit
<ul style="list-style-type: none"> the loan is provided in respect of the employee's employment. 				
<p><i>Exemptions include:</i></p> <ul style="list-style-type: none"> loans given to an employee solely for the purpose of meeting employment-related expenses which must be incurred within six months of such an advance being made. The loan must be either expended on employment-related expenditure or repaid 				
<ul style="list-style-type: none"> loans made by a private company which are either Division 7A compliant loans, or loans that will be treated as deemed dividends under Division 7A. 				
Debt waiver				
<p><i>Benefit arises where:</i></p> <ul style="list-style-type: none"> the employer has released the employee/associate from paying an outstanding debt. 			<p>Debt waiver benefit (refer formula 3)</p> <ul style="list-style-type: none"> amount of the debt waived, including any interest accrued reason for writing off the debt. 	Debt waiver benefit
<p><i>Exemptions include:</i></p> <ul style="list-style-type: none"> where the debt owed is written off as a genuine bad debt and it is not waived for employment related reasons. 				

Checklist of benefits

Expenditure/benefit	Applicable (Yes/No) Completed date	Work page	Data required	Type of benefit
Housing				
<p><i>Benefit arises where:</i></p> <ul style="list-style-type: none"> an employee or associate is provided with the right to use a unit of accommodation the accommodation is the usual home of the employee or associate. 			<p>Housing benefit <i>(refer formula 4)</i></p> <ul style="list-style-type: none"> market value of the right to use the accommodation days in tenancy period employee contributions (if any). 	Housing fringe benefit
<p><i>Exemptions include:</i></p> <ul style="list-style-type: none"> remote area housing benefit 				
Living away from home allowance (LAFHA)				
<p><i>Benefit arises where:</i></p> <ul style="list-style-type: none"> a living away from home allowance is paid to compensate an employee for additional non-deductible expenses because the employee is required to live away from his or her normal residence in order to perform employment duties. 			<p>Living away from home allowance (LAFHA) benefit <i>(refer formula 5)</i></p> <ul style="list-style-type: none"> employment contract amount of the allowance paid detailing the following components: <ul style="list-style-type: none"> accommodation additional food other incidentals declarations required. 	LAFHA benefit
<p><i>Exemptions include:</i></p> <ul style="list-style-type: none"> amount of the allowance which is regarded as constituting reasonable compensation for the accommodation component amount of the allowance in relation to the reasonable food component. 				
<p>From 1 October 2012 LAFHA benefits can only generally be reduced where:</p> <ul style="list-style-type: none"> the employee maintains a home in Australia for their use at all times (unless the employee is a fly-in fly-out or drive-in drive-out employee) the employee substantiates the accommodation and meal expenses the LAFHA is not paid for a period greater than 12 months (unless the employee is a fly-in fly-out or drive-in drive-out employee). <p>Note: transitional rules apply to arrangements in place prior to 7.30pm on 8 May 2012 which have not been materially altered or varied.</p>			<p>Living away from home allowance (LAFHA)</p> <ul style="list-style-type: none"> employment contract amount of the allowance paid detailing the following components: <ul style="list-style-type: none"> accommodation additional food other incidentals declarations required. 	LAFHA benefit
<p>Note: where an allowance (other than a LAFHA) is paid to an employee, rather than the employer paying or reimbursing the expense directly, there will be no fringe benefit. The employee is required to include the allowance as income in their personal tax return.</p>			<p>Other allowances</p> <ul style="list-style-type: none"> no information is required to be kept for FBT purposes. 	No fringe benefit arises

Checklist of benefits

Expenditure/benefit	Applicable (Yes/No) Completed date	Work page	Data required	Type of benefit
Travelling expenses				
<p><i>Benefit arises where:</i></p> <ul style="list-style-type: none"> expenses of an employee or associate are paid or reimbursed by the employer the benefit is provided in respect of employment. 			<p>Extended travel (refer formula 6)</p> <ul style="list-style-type: none"> travel diary is required where the travel is either within or outside of Australia for a duration of more than five nights (this is to substantiate the business portion) receipts for all expenses, except if the amount spent on food, drink and other incidentals is considered reasonable by the Taxation Office, in which case only documentation in relation to accommodation and airfares is required declaration may be required. 	Expense payment fringe benefit
<p><i>Exemptions include:</i></p> <ul style="list-style-type: none"> compassionate travel certain relocation transport. 				
<p><i>Benefit arises where:</i></p> <ul style="list-style-type: none"> taxi fare is paid or reimbursed by the employer the benefit is provided in respect of employment 				
<p><i>Exemptions include:</i></p> <ul style="list-style-type: none"> taxi travel beginning or ending at an employee's place of work is exempt so long as it is a single trip the travel is in relation to a sick employee minor benefit less than \$300 (incl. GST). 				
<p><i>Benefit arises where:</i></p> <ul style="list-style-type: none"> an employee of the travel industry is provided with free or discounted travel on a stand-by basis. 			<p>In-House fringe benefit (refer formula 7)</p> <ul style="list-style-type: none"> purpose of the trip if domestic travel – the lowest standard single economy fare published by the airline if international travel – the lowest standard single economy fare published by any carrier in Australia employee contributions (if any). 	In-house property fringe benefit OR in-house residual fringe benefit
<p><i>Exemptions include:</i></p> <ul style="list-style-type: none"> \$1,000 exemption applies in respect of the taxable value of in-house benefits provided to each recipient. <p>Note: this exemption does not apply where the in-house fringe benefit is provided under a salary sacrifice arrangement.</p>				

Checklist of benefits

Expenditure/benefit	Applicable (Yes/No) Completed date	Work page	Data required	Type of benefit
Entertainment expenses – meal				
<p><i>Benefit arises where there is:</i></p> <ul style="list-style-type: none"> entertainment of an employee or an associate by way of food or drink 			<p>50/50 split method <i>(refer formula 8.1)</i></p> <ul style="list-style-type: none"> amount of total meal entertainment for all persons (i.e. employees, associates and clients) 	Meal entertainment fringe benefit
<ul style="list-style-type: none"> accommodation or travel in connection with the provision of entertainment by way of food or drink. 				
<p>The benefit must be provided in respect of employment</p> <p><i>Exemptions for actual expenditure incurred include:</i></p> <ul style="list-style-type: none"> meals at in-house dining facility 			<p>12 week register method <i>(refer formula 8.3)</i></p> <ul style="list-style-type: none"> 12 week register which details: <ul style="list-style-type: none"> the date, cost and place of the meal entertainment whether the meal is provided to an employee or associate (per head allocation) 	Meal entertainment fringe benefit
<ul style="list-style-type: none"> morning and afternoon teas and light lunches 				
<ul style="list-style-type: none"> meals at a continuing professional development seminar 				
<ul style="list-style-type: none"> meals entertainment provided to client. Although there is no FBT payable on meal entertainment provided to clients, an income tax deduction is not allowed to the employer for such costs 				
<ul style="list-style-type: none"> minor entertainment less than \$300 (incl. GST). 				
			<p>Actual expenditure method <i>(refer commentary section 8.2)</i></p> <ul style="list-style-type: none"> amount of expense employee contributions (if any) per head allocation. <p>Note: an election must be made stating which of the above methods has been adopted in respect of meal entertainment. If no election is made the value of the benefit must be determined under the actual expenditure method. The election should be made by the time the employer's FBT return is due to be lodged. From 1 July 2016, the 50/50 split and the 12 week register methods are not available for any benefit provided under a salary sacrifice arrangement.</p>	Meal entertainment fringe benefit

Checklist of benefits

Expenditure/benefit	Applicable (Yes/No) Completed date	Work page	Data required	Type of benefit
Entertainment expenses – other				
<i>Benefit arises where entertainment is provided by way of:</i> <ul style="list-style-type: none"> • food or drink 			Reimbursement of entertainment expense <ul style="list-style-type: none"> • amount of expense • employee contributions (if any). 	Expense payment fringe benefit
<ul style="list-style-type: none"> • recreation, accommodation or travel Note: the benefit must be provided in respect of employment.			Tickets to sporting and theatrical events <ul style="list-style-type: none"> • cost of the tickets • employee contributions (if any). 	Property, expense payment or residual fringe benefit
<i>Exemptions include:</i> <ul style="list-style-type: none"> • entertainment provided to clients 				
<ul style="list-style-type: none"> • minor entertainment less than \$300 (incl. GST) per employee. 				
Entertainment provided by a tax exempt body				
<i>Benefit arises where:</i> <ul style="list-style-type: none"> • the employer is wholly or partially exempt from income tax or does not derive assessable income from the activities to which the entertainment relates. Note: the benefit must be provided in respect of employment.			Entertainment benefit <ul style="list-style-type: none"> • amount of expense • employee contributions (if any) • per head allocation. 	Tax exempt body entertainment fringe benefit
Other expenses paid on behalf of the employee or associate				
<i>Benefit arises where:</i> <ul style="list-style-type: none"> • expenses are paid or reimbursed by the employer 			Expense benefit <ul style="list-style-type: none"> • amount of expense • percentage of private use • employee contributions (if any) • declaration may be required. 	Expense payment fringe benefit
<ul style="list-style-type: none"> • the benefit is provided in respect of employment. 				
<i>Exemptions include:</i> <ul style="list-style-type: none"> • the first \$1,000 of any in-house benefits Note: this exemption does not apply where the in-house fringe benefit is provided under a salary sacrifice arrangement.				
<ul style="list-style-type: none"> • laptop computers 				
<ul style="list-style-type: none"> • mobile phones 				
<ul style="list-style-type: none"> • certain relocation benefits 				
<ul style="list-style-type: none"> • tools of trade 				
<ul style="list-style-type: none"> • certain 'remote area' expenses • minor benefit less than \$300 (incl. GST). 				

Checklist of benefits

Expenditure/benefit	Applicable (Yes/No) Completed date	Work page	Data required	Type of benefit
Car parking expenses				
<p><i>Benefit arises where:</i></p> <ul style="list-style-type: none"> there is a commercial all day car park within a one kilometre radius of the business premises (measured by the shortest practicable direct route) that charges more than \$8.48 a day at the beginning of the 2017 FBT year 			<p>Actual benefits provided method</p> <ul style="list-style-type: none"> number of car parking spaces provided to employees value of the spaces number of business days during the year method of valuation used employee contributions (if any) consideration of annual leave and/or sick leave taken (i.e. car parking benefit not actually provided). 	Car parking fringe benefit
<ul style="list-style-type: none"> the car is parked for a period of more than four hours between 7.00am and 7.00pm 				
<ul style="list-style-type: none"> the car is owned or leased by the employee/associate, or is provided for use by the employer 				
<ul style="list-style-type: none"> the car is used for travel between home and work by the employee at least once on that day 				
<ul style="list-style-type: none"> the car is parked at or in the vicinity of the primary place of employment. <p>Note: the benefit is provided in respect of employment.</p>				
<p><i>Exemptions include:</i></p> <ul style="list-style-type: none"> car parking benefits provided where cars are not parked at a commercial car parking station, and either the employer's total income for the year of income preceding the FBT year was \$10m, or that employer was a small business entity with an aggregated turnover of \$2m for the most recent year of income before the FBT year. 			<p>Statutory formula method (refer formula 9.1)</p> <ul style="list-style-type: none"> number of spaces value of the spaces method of valuation used employee contributions (if any). 	Car parking fringe benefit
<ul style="list-style-type: none"> car parking benefits provided by certain non-profit bodies, including public benevolent institutions 				
<ul style="list-style-type: none"> benefits exempted by FBT regulations, such as parking for disabled employees. 			<p>12 week register method (refer formula 9.2)</p> <ul style="list-style-type: none"> identification of each vehicle parked the date and place the car was parked, with times of entry and departure the nature of the journey from home to place of employment value of the spaces method of valuation used. employee contributions (if any). <p>Note: the register must be maintained for a continuous 12 week period but can be used for the subsequent four FBT years unless the number of car parking fringe benefits increases by 10 per cent in which case a new register must be kept.</p>	Car parking fringe benefit
<p><i>Benefit arises where:</i></p> <ul style="list-style-type: none"> the car is parked for a period of more than four hours between 7.00am and 7.00pm in the vicinity of the employee's primary place of employment 			<p>Reimbursement of car parking expenses</p> <ul style="list-style-type: none"> amount of expense employee contributions (if any). 	Expense payment fringe benefit
<ul style="list-style-type: none"> the benefit is provided in respect of employment 				
<ul style="list-style-type: none"> the car is used for travel between home and work by the employee at least once on that day. <p>Note: there is no requirement relating to the provision or ownership of the car being parked.</p>				

Checklist of benefits

Expenditure/benefit	Applicable (Yes/No) Completed date	Work page	Data required	Type of benefit
Board				
<p><i>Benefit arises where:</i></p> <ul style="list-style-type: none"> the employee or associate under either an industrial award or under some type of arrangement is entitled to residential accommodation and at least two meals a day 			<p>Board benefit (refer formula 10)</p> <ul style="list-style-type: none"> number of employees (or family members) receiving the board number of days board provided number of meals provided employee contributions (if any). 	Board fringe benefit
<ul style="list-style-type: none"> the meal is prepared on the employer's premises. 				
Other benefits paid on behalf of the employee or associate				
<p><i>Benefit arises where:</i></p> <ul style="list-style-type: none"> the employer has provided property (either in-house or external) 			<p>Property benefit (refer formula 11)</p> <ul style="list-style-type: none"> description of property provided type of property (i.e. in-house or external) arm's length price of the property employee contribution (if any). 	Property fringe benefit
<ul style="list-style-type: none"> the benefit is provided in respect of employment. 				
<p><i>Exemptions include:</i></p> <ul style="list-style-type: none"> the first \$1,000 of any in-house benefits. <p>Note: this exemption does not apply where the in-house fringe benefit is provided under a salary sacrifice arrangement.</p>				
<p><i>Benefit arises where:</i></p> <ul style="list-style-type: none"> the employer has provided benefits not covered by other valuation rules. 			<p>Residual benefit (refer formula 11)</p> <ul style="list-style-type: none"> description of benefit type of benefit (i.e. in-house or external) arm's length price of the benefit employee contributions (if any). 	Residual fringe benefit
<p><i>Exemptions include:</i></p> <ul style="list-style-type: none"> the first \$1,000 of any in-house benefits. <p>Note: this exemption does not apply where the in-house fringe benefit is provided under a salary sacrifice arrangement.</p>				