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2025 FBT CHECKLIST

01/04/2024 – 31/03/2025

Date: ____/____/____

	CURRENT INFORMATION
Business Name	
Contact Person	

How to use this checklist

This checklist is a summary guide to the procedures and mechanics for preparing the 2025 FBT return. It cannot cover all potential issues and practitioners are recommended to refer to the relevant legislation or seek 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 10 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 10 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 11 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 2025 fringe benefits tax year and salary packaging options. (refer pages 20 to 22)

Disclaimer

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This information is based on legislation current as at 4 March 2020.

Checklist of benefits

Expenditure/benefit	Applicable (Yes/No) Completed date	Work page	Data required	Type of benefit
CARS				
<i>Benefit arises where:</i> a car is owned or leased by the employer, associate or third party			Operating cost method <i>(refer formula 1.1)</i> - 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
is made available to the employee or associate for private purposes				
the car is provided in respect of employment.				
<i>Exemptions include:</i> minor, infrequent and irregular 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.			Statutory formula method <i>(refer formula 1.2)</i> - base value (i.e. cost) of motor vehicle - date of purchase - days available for private use during year - employee contributions (if any) - last commitment date of motor vehicle (if applicable) Note: the statutory formula will apply if the employer does not elect to apply the operating cost method	Car fringe benefit
<i>Benefit arises where:</i> car expenses are reimbursed by the employer			Reimbursement of employee's motor vehicle expenses - amount of expense - percentage of private use - employee contributions (if any).	Expense payment fringe benefit
the car is owned/leased by the employee/associate				
the benefit is provided in respect of employment.				
<i>Exemptions include:</i> - where the employer compensates the employee on a cents per kilometre basis for estimated travel (i.e. the amount of the allowance is assessable income to the employee) - car expenses (i.e. 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				
<i>Benefit arises where:</i> a loan is provided to an employee or associate			Loan benefit <i>(refer formula 2)</i> - 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 taxable value of the loan fringe benefit under the otherwise deductible rule) - interest paid by the employee (if any) - balance of the loan during the period - declaration may be required.	Loan fringe benefit
the loan is provided in respect of the employee's employment.				
<i>Exemptions include:</i> 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				
loans made by a private company to an individual who is both an employee and shareholder (or an associate thereof) which are either Division 7A compliant loans, or loans that will be treated as deemed dividends under Division 7A.				
DEBT WAIVER				
<i>Benefit arises where:</i> the employer has released the employee/associate from paying an outstanding debt.			Debt waiver benefit <i>(refer formula 3)</i> - amount of the debt waived, including any interest accrued - reason for writing off the debt.	Debt waiver benefit
<i>Exemptions include:</i> where the debt owed is written off as a genuine bad debt and it is not waived for employment related reasons.				
HOUSING				
<i>Benefit arises where:</i> an employee or associate is provided with the right to use or occupy a unit of accommodation by lease or licence			Housing benefit <i>(refer formula 4)</i> - market value of the right to use the accommodation - days in tenancy period (as right to use or occupy accommodation may not be for a full year) - employee contributions (if any).	Housing fringe benefit
the accommodation is the usual home of the employee or associate.				
<i>Exemptions include:</i> remote area housing benefit				

Expenditure/benefit	Applicable (Yes/No) Completed date	Work page	Data required	Type of benefit
LIVING AWAY FROM HOME ALLOWANCE (LAFHA)				
<i>Benefit arises where:</i> - a living away from home allowance is paid to compensate an employee for additional estimated non-deductible expenses because the employee is required to live away from his or her normal residence in order to perform employment duties - the allowance is paid in relation to the employment of the employee as a living away from home allowance.			Living away from home allowance (LAFHA) benefit (refer formula 5) - employment contract - amount of the allowance paid detailing the following components: - accommodation - additional food - other incidentals - declarations required.	LAFHA benefit
<i>Exemptions include:</i> - 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.				
From 1 October 2012 LAFHA benefits can only generally be reduced where: - the employee maintains a home in Australia at which they usually reside 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).			Living away from home allowance (LAFHA) - employment contract - amount of the allowance paid detailing the following components: - accommodation - additional food - other incidentals - declarations required on usual place of residence, the requirement to maintain that home and actual address where employee resided (if not a fly-in fly-out or drive-in drive-out employee) - other declarations required on exempt food component and fly-in fly-out or drive-in drive-out employees.	LAFHA benefit
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 assessable income in their personal tax return.			Other allowances no information is required to be kept for FBT purposes.	No fringe benefit arises

Expenditure/benefit	Applicable (Yes/No) Completed date	Work page	Data required	Type of benefit
TRAVELLING EXPENSES				
<i>Benefit arises where:</i> expenses of an employee or associate are paid or reimbursed by the employer			Extended travel <i>(refer formula 6)</i> - 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 Australian Taxation Office, in which case only documentation in relation to accommodation and airfares is required - declaration may be required.	Expense payment fringe benefit
the benefit is provided in respect of employment.				
<i>Exemptions include:</i> compassionate travel				
certain relocation transport.				
<i>Benefit arises where:</i> taxi fare is paid or reimbursed by the employer			Taxis - amount of expense - employee contributions (if any).	Expense payment fringe benefit
the benefit is provided in respect of employment				
<i>Exemptions include:</i> 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).				
<i>Benefit arises where:</i> an employee of the travel industry is provided with free or discounted travel on a stand-by basis.			In-House fringe benefit <i>(refer formula 7)</i> - 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
<i>Exemptions include:</i> \$1,000 exemption applies in respect of the taxable value of in-house benefits provided to each recipient. Note: This exemption does not apply where the in-house fringe benefit is provided under a salary packaging arrangement.				

Expenditure/benefit	Applicable (Yes/No) Completed date	Work page	Data required	Type of benefit
ENTERTAINMENT EXPENSES - MEAL				
Benefit arises where there is:			50/50 split method <i>(refer formula 8.1)</i> - amount of total meal entertainment for all persons (i.e. employees, associates and clients) - document election.	Meal entertainment fringe benefit
- entertainment of an employee or an associate by way of food or drink - accommodation or travel in connection with the provision of entertainment by way of food or drink.				
- the benefit must be provided in respect of employment. <i>Exemptions for 'actual expenditure' incurred in respect of an employee (or associate) include:</i> - meals at in-house dining facility to employees who provide services at that facility			12-week register method <i>(refer formula 8.3)</i> 12-week register which details: - the date, cost and place of the meal entertainment - whether the meal is provided to an employee or associate (per head allocation) - document election.	Meal entertainment fringe benefit
morning and afternoon teas and light lunches				
meals that are reasonably incidental to the employee attending a seminar of at least four hours duration which is not a business meeting, promotional event or entertainment (e.g. a continuing professional development seminar)				
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				
meals provided to promote or advertise goods or services which are open to the public				
minor entertainment less than \$300 (incl. GST).			Actual expenditure method <i>(refer commentary section 8.2)</i> - amount of expense - employee contributions (if any) - per head allocation. 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 April 2016, the 50/50 split and the 12-week register methods are not available for any benefit provided under a salary packaging arrangement.	Meal entertainment fringe benefit

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> • food or drink			Reimbursement of entertainment expense • amount of expense • employee contributions (if any).	Expense payment fringe benefit
• recreation, accommodation or travel Note: The benefit must be provided in respect of employment.			Tickets to sporting and theatrical events • cost of the tickets • employee contributions (if any).	Property, expense payment or residual fringe benefit
<i>Exemptions include:</i> • entertainment provided to clients				
• minor entertainment less than \$300 (incl. GST) per employee.				
ENTERTAINMENT PROVIDED BY A TAX-EXEMPT BODY				
<i>Benefit arises where:</i> • 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 • 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> • expenses are paid or reimbursed by the employer			Expense benefit • amount of expense • percentage of private use • employee contributions (if any) • declaration may be required.	Expense payment fringe benefit
• the benefit is provided in respect of employment.				
<i>Exemptions include:</i> • 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 packaging arrangement.				
• laptop computers, tablets and portable printers				
• mobile phones				
• certain relocation benefits				
• tools of trade				
• certain 'remote area' expenses				
• minor benefit less than \$300 (incl. GST).				

Expenditure/benefit	Applicable (Yes/No) Completed date	Work page	Data required	Type of benefit
CAR PARKING EXPENSES				
<i>Benefit arises where:</i> 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 \$8.83 a day at the beginning of the 2025 FBT year			Actual benefits provided method - 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
the car is parked for a period of more than four hours between 7.00am and 7.00pm				
the car is owned or leased by the employee (or associate), or is provided for use by the employer				
the car is used for travel between home and work by the employee at least once on that day				
the car is parked at or in the vicinity of the primary place of employment. Note: The benefit is provided in respect of employment.				
<i>Exemptions include:</i> car parking benefits provided where cars are not parked at a commercial car parking station, the employer is not a public company 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 for the most recent year of income before the FBT year			Statutory formula method <i>(refer formula 9.1)</i> - number of spaces - value of the spaces - method of valuation used - employee contributions (if any).	Car parking fringe benefit
car parking benefits provided by certain non-profit bodies, including public benevolent institutions				
benefits exempted by FBT regulations, such as parking for disabled employees.			12-week register method <i>(refer formula 9.2)</i> - 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). 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.	Car parking fringe benefit

Expenditure/benefit	Applicable (Yes/No) Completed date	Work page	Data required	Type of benefit
CAR PARKING EXPENSES (continued)				
<i>Benefit arises where:</i> 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			Reimbursement of car parking expenses - amount of expense - employee contributions (if any).	Expense payment fringe benefit
the benefit is provided in respect of employment				
the car is used for travel between home and work by the employee at least once on that day. Note: There is no requirement relating to the provision or ownership of the car being parked.				
BOARD				
<i>Benefit arises where:</i> 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			Board benefit <i>(refer formula 10)</i> - 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
the meal is prepared on the employer's premises.				
OTHER BENEFITS PAID ON BEHALF OF THE EMPLOYEE OR ASSOCIATE				
<i>Benefit arises where:</i> the employer has provided property (either in-house or external)			Property benefit <i>(refer formula 11)</i> - 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
the benefit is provided in respect of employment.				
<i>Exemptions include:</i> 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 packaging arrangement.				
<i>Benefit arises where:</i> the employer has provided benefits not covered by other valuation rules.			Residual benefit <i>(refer formula 11)</i> - 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
<i>Exemptions include:</i> 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 packaging arrangement.				

Relevant formulae

1. Car fringe benefit

A car for car fringe benefits tax purposes is defined as a motor vehicle (except a motor cycle or similar vehicle) designed to carry a load of less than one tonne and fewer than nine passengers. Where an employee is provided a motor vehicle which does not satisfy the definition of a car the provision of such a benefit will be a residual fringe benefit and the taxable value of such a vehicle must be determined under the specific valuation provisions applicable to such residual fringe benefits.

A car is a car fringe benefit where the car is held (e.g. owned or leased) by the provider (e.g. employer) which is applied for a private use by the employee (or associate) or is taken to be available for the private use of the employee (or associate). A car is considered to be available for private use if it is garaged at or near the employee's home or is in the employee's custody or control.

Registration, stamp duty and extended warranty costs are not included in calculating the base value (i.e. cost) of the car. However, dealer delivery charges and the costs of any non-business accessories (e.g. stereos, sunroof) are included as well as the GST and customs duty paid on the motor vehicle (if applicable).

1.1 Operating cost method

$$\text{Taxable value} = \left[\begin{array}{l} \text{(Total operating costs* (including depreciation**} \\ \text{and imputed interest*** where the vehicle is} \\ \text{owned and provided as a car fringe benefit)} \end{array} \times \text{Private use percentage****} \right] \text{less Employee contributions*****}$$

* Operating costs are car expenses (refer below), deemed depreciation and imputed interest if the car is owned by the provider and lease charges if leased by the provider.

**Depreciation is calculated on the depreciated value of the car. That depreciated value is based on the cost of the car if the car was acquired during a year or its depreciated value if the car had been held at the beginning of the year. For these purposes, the cost of the car refers to the full cost of the vehicle (i.e. it is not subject to the motor vehicle depreciation cost limit) using the rates set out below:

Date car purchased	FBT year ending 31 March 2025
Up to and including 30 June 2002	22.50%
From 1 July 2002 to 9 May 2006	18.75%
On or after 10 May 2006	25.00%

***Imputed interest is calculated on the depreciated value of the car at a statutory rate which is determined by the Australian Taxation Office on an annual basis. The depreciated value is based on the cost of the car if the car was acquired during a year or its depreciated value if the car had been held at the beginning of the year. For these purposes, the cost of the car refers to the full cost of vehicle (i.e. it is not subject to the motor vehicle depreciation cost limit). The annual statutory interest rate is 5.20 per cent for the 2025 FBT year.

****Private use percentage is the total use of the car less the business percentage use of the car. The business use percentage is a reasonable estimate of the number of business kilometres travelled during the year based on the logbook used and odometer readings at the beginning and end of the year.

*****Employee contributions comprise car expenses incurred by the recipient of the car fringe benefit being fuel, insurance, registration and repairs and maintenance which are not reimbursed by the employer. Employees must retain a receipt or invoice to evidence any running costs they incur.

Relevant formulae

1.2 Statutory formula method

$$\text{Taxable value} = \left[\frac{0.2^* \times \text{Base value of car}^{**} \times \text{No. of days of private use}}{\text{No. of days in year of tax (being 365 days other than in a leap year)}} \right] \text{ less Employee contributions}$$

* A flat statutory rate of 0.2 applies to the provision of car fringe benefits for the 2025 FBT year regardless of the number of kilometres travelled by the car. This change was announced in the 2011-12 Federal Budget and replaced the former statutory fraction rates whose application differed according to the total number of kilometres travelled in the FBT year. However, the statutory percentage rates will continue to apply to the provision of a car fringe benefit after 7.30pm AEST on 10 May 2011 where the car is provided under a binding pre-existing commitment (e.g. novated lease) entered into before that time as set out below:

Statutory fractions for pre 10 May 2011 leases and contracts

Total kms travelled in FBT year	Statutory fraction rates
0 – 14,999	26
15,000 – 24,999	20
25,000 – 40,000	11
Over 40,000	7

You should continue to apply the above statutory rates for all pre-existing commitments under agreements entered into before 7.30 p.m. on 10 May 2011 unless there is a subsequent change to that commitment. Such a change could include the refinancing of a car, an extension of a lease or contractual term or a change in employers in which case the parties will be regarded as having entered into a new commitment, and the standard 20 per cent statutory fraction rate will apply to determine the taxable value of the car benefit from the beginning of the next FBT year. The volume of cars held under such pre-existing commitments is likely to be rapidly diminishing as lease terms rarely extend to seven-year terms or more.

** Where the car has been owned or leased for more than four years at the beginning of the FBT year, the base value (i.e. cost) of the car is reduced by one-third.

2. Loan fringe benefit

$$\text{Taxable value} = \left[\begin{array}{l} \text{Notional interest} \\ \text{calculated at benchmark} \\ \text{statutory rate}^* \end{array} \text{ Less } \begin{array}{l} \text{Actual} \\ \text{Interest}^{**} \end{array} \right] \text{ less Otherwise deductible amount}$$

The taxable value of a loan fringe benefit is the amount (if any) by which the notional amount of interest in relation to the loan made to the employee exceeds the actual amount of interest that has been paid on the loan by the employee.

* The notional amount of interest is calculated by applying a benchmark statutory rate of interest on the daily balance of the loan. The benchmark statutory interest rate for the FBT year ending 31 March 2021 is 5.20 per cent.

** The actual interest is the amount of interest actually paid on the loan by the employee.

Relevant formulae

***Where the loan is used wholly or partly by the employee to produce assessable income (e.g. to acquire a long-term share portfolio) the otherwise deductible rule reduces the taxable value of the loan fringe benefit by a notional deduction being the amount which the employee would have been entitled to a claim as a deduction had he or she incur the notional amount of interest in respect of the loan. If the loan is being used for income producing purposes the employee must provide a declaration that the loan is being used for income-producing purposes, otherwise the taxable value will not be reduced under the 'otherwise deductible rule'.

If an employee is also a shareholder in a private company or an associate of such a shareholder the loan will not be subject to fringe benefits tax but will be subject to the provisions of Division 7A of the *Income Tax Assessment Act 1936*. In these circumstances such a loan may be regarded as an assessable deemed dividend unless an exemption applies such as where the shareholder enters into a complying section 109N written agreement which has an allowable maximum term and minimum interest rate.

3. Debt waiver fringe benefit

The taxable value of a debt waiver fringe benefit in an FBT year is the amount of payment or repayment of the debt which the employee was obliged to pay or repay which has been waived (i.e. released).

4. Housing

Non-remote area

The taxable value of a right to use or occupy non-remote housing benefits depends on the type of accommodation provided to the recipient.

Flats, houses and units – the taxable value of the benefit is the market value of the right to use or occupy the accommodation less employee contribution (if any). In subsequent years, the market value can generally be used again, or alternatively the market value in the first year can be indexed using the CPI movement for a further nine years. The CPI factor applied will depend on the State or Territory in which the property is located. The CPI factors for the purposes of valuing such non-remote housing for the 2025 FBT year are set out in Taxation Determination TD2018/1.

Caravans, mobile homes, hotels and motels where the provider of the benefit provides similar or identical accommodation but is not the employer – the taxable value will be the market value of the right to use or occupy the unit of accommodation less employee contribution (if any).

Caravans, mobile homes, hotels and motels where the provider of the benefit provides similar or identical accommodation is also the employer – the taxable value will be 75 per cent of the charge to the public of the right to use or occupy the unit of accommodation less employee contribution (if any).

Remote area

The provision of remote area housing is exempt from FBT. Such housing will only be exempt where the accommodation is provided in certain specified remote areas to a current employee, the employee's usual place of residence is in that remote area and it is necessary for the employer to provide such housing because there is insufficient suitable residential accommodation in the area or it is customary industry practice to provide such housing. A list of what places qualify as remote areas is available on the [Australian Taxation Office website](#).

Outside Australia

Market value of the right to use or occupy the unit of accommodation less any employee contribution.

5. Living away from home allowance benefit

Taxable value	=	LAFHA paid	Less	Exempt accommodation component	less	Exempt food component
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Exempt accommodation component

The exempt accommodation component is not taxable where the costs incurred for rental, lease or other payment for accommodation (i.e. mortgage payment) are reasonable. Any amount in excess of what is considered reasonable is taxable.

From 1 October 2012, in order for accommodation to qualify as an exempt accommodation component, all accommodation expenses must be fully substantiated by the employee and provided to their employer. Alternatively, the employee can provide a declaration to their employer informing them of the total accommodation expenditure.

Note: documentary evidence is still required to be held by the employee for five years where they provide the accommodation expenditure declaration to their employer.

Relevant formulae

Exempt food component

Exempt food component is that part of the living away from home allowance which reasonably compensates the employee for food or drink expenses actually incurred by the employee (and the employee's family) during the period the employee is living away from home less the 'applicable statutory food total'.

The applicable statutory food total is the sum of the statutory food amounts for the employee and eligible family members, (i.e. adult or child 12 years or over at \$42 per week and child under 12 years at \$21 per week), less amounts that might reasonably have been expected to have been the total normal food and drink expenses if the employee and family had remained living at their normal residence. This portion of the living away from home allowance is therefore exempt up to the reasonable food component limit.

The Commissioner's view on the reasonable exempt food component for the 2025 FBT year is set out in Taxation Determination TD 2018/3.

Where food and drink expenses in excess of those reasonable amounts (as determined by the Commissioner) all food and drink expenses must be substantiated in full by the employee and documentary evidence must be provided to their employer. Alternatively, the employee can provide a declaration to their employer informing them of the total food and drink expenditure above the Commissioner's reasonable amount.

Note: documentary evidence is still required to be held by the employee for five years where they provide the food and drink expenditure declaration to their employer.

6. Expense payment fringe benefit

An expense payment fringe benefit arises when an employer discharges an obligation of the employee or associate to pay an expense owed to a third party or reimburses the employee or associate for expenses they have incurred. Such benefits will typically be regarded as external expense payment fringe benefits. The taxable value of an external expense payment fringe benefit is the amount paid or reimbursed by the employer less employee contribution (if any). The taxable value of such a benefit will be further reduced to the extent that the recipient of the benefit would have been entitled to a once-only tax deduction had the recipient incurred the expenditure under the otherwise deductible rule. Concessional rules apply to the provision of certain in-house expense payment fringe benefits.

7. Airline transport fringe benefit

Airline transport fringe benefits no longer exist as a separate category of fringe benefit subject to its own valuation rules. Where an airline operator provides, in the course of employment, free or discounted air travel on a stand-by basis to employees or their associates, such benefits are now treated as in-house residual or property fringe benefits as discussed in the commentary on those benefits below.

8. Entertainment expenses – meal

8.1 50/50 split method

Taxable value = Total value of meal entertainment fringe benefits provided to all persons x 50%

Under this method, 50 per cent of all meal entertainment expenses is tax deductible and subject to fringe benefits tax, while the remaining 50 per cent is not tax deductible and is not subject to fringe benefits tax.

8.2 Actual record of expenditure

An actual record of meal entertainment expenditure is kept using an actual cost or average cost (on a per head apportionment basis under Taxation Determination TD94/25).

- Attached at Appendix A is a summary of the deductibility and FBT treatment of entertainment.
- Attached at Appendix B is a standard form to document entertainment fringe benefits.

Relevant formulae

8.3 12-week register method

$$\text{Registered percentage} = \frac{\text{Total value of meal entertainment fringe benefits provided to employees and their associates during the 12-week period}}{\text{Total value of meal entertainment fringe benefits provided to all persons during the 12-week period}}$$

$$\text{Taxable value} = \text{Total value of meal entertainment fringe benefits provided to all persons} \times \text{Register percentage}$$

- Attached at Appendix A is a summary of the deductibility and FBT treatment of entertainment.
- Attached at Appendix B is a standard form to document entertainment fringe benefits.

It is important to remember the following when deciding on which method to use when calculating meal entertainment fringe benefits:

50/50 split method:

- by combining meal entertainment for both employees and non-employees, the formula assumes that only 50 per cent of total meal entertainment is provided to non-employees. As a corollary, 50 per cent of the cost of such meal entertainment will be deductible as it will be taken to relate to employees. This will be the case regardless of who was entertained. However, if more than 50 per cent of the meal entertainment relates to non-employees the actual expenditure method is generally more tax effective but also more difficult to comply with.
- the otherwise deductible rule does not apply, nor are any third-party contributions taken into account
- the exemptions for property fringe benefits are not applicable.

12-week register method:

- only if the FBT calculated over a continuous 12-week period is representative of an entire year will the FBT payable equate to the meal entertainment actually provided
- the otherwise deductible rule does not apply, nor are third party contributions taken into account
- the exemptions for property fringe benefits are also not applicable.

9. Car parking fringe benefit

There are three methods for determining the value of a car parking fringe benefit:

- commercial parking station method – the lowest fee charged, for all day parking, by any commercial parking station within a one kilometre radius of where the car is parked
- market value/arm's length method – value determined by a qualified valuer
- average cost method – the average of the lowest fees charged on the first and last day of the FBT year.

There are three methods of determining the number of car parking fringe benefits:

- actual benefits provided method
- statutory formula method
- 12-week register method.

9.1 Statutory formula method

$$\text{Taxable value} = \left[\text{Daily rate amount} \times \frac{\text{Number of days benefit provided}}{366^{**}} \times 228 \right] \text{ less Employee contributions}$$

This method involves determining the number of car spaces made available for parking and then working out the taxable value of each car parking space applying the above formula. The value of all car spaces are then added up to give the total statutory benefit

Relevant formulae

which can be reduced by any employee contributions (and which may need to be adjusted if the average number of employees is less than the average number of car spaces in certain circumstances).

* Daily rate amount is the value of the spaces calculated using one of the three approved valuation methods described above (being the commercial parking station, market value or average cost methods).

** Note that the formula per the legislation uses 366 days as its base for the number of days in a year.

9.2 12-week register method

$$\text{Taxable value} = \frac{\text{Total value of car parking benefits (per register)}}{12} \times \frac{52}{12} \times \frac{\text{Number of days benefits provided}}{366^*}$$

The value of each car parking benefit in the register must use the commercial parking method, the market value method or the average cost method. The total of these values is known as the total value of car parking benefits.

* Note that the formula per the legislation uses 366 days as its base for the number of days in a year.

10. Board fringe benefit

$$\text{Aged 12 years or over} = \$2.00 \text{ per meal} \times \text{Number of meals provided} \text{ less } \text{Otherwise deductible amount}$$

$$\text{Aged under 12 years} = \$1.00 \text{ per meal} \times \text{Number of meals provided} \text{ less } \text{Otherwise deductible amount}$$

11. Property and residual benefits

The taxable value is generally the arm's length value of the benefit.

For in-house benefits, or rejects or reduced value benefits, the taxable value is generally either 75 per cent of the arm's length value or 75 per cent of the lowest public price charged. The taxable value of such a benefit is reduced by any employee contributions and any otherwise deductible amounts.

Where an airline operator provides, in the course of employment, free or discounted air travel on a stand-by basis to employees or their associates, these should now be treated as in-house residual or property fringe benefits.

Where such a benefit is not provided under a salary packaging arrangement the taxable value of the benefit is calculated as follows:

$$\text{Taxable Value} = 75\% \text{ of stand-by airline travel value} \text{ less } \text{Consideration paid by the recipient}$$

The stand-by airline travel value is calculated as follows:

Domestic Travel: 50 per cent of the carrier's lowest standard single economy airfare for that route as publicly advertised during the year of tax.

International Travel: 50 per cent of the lowest of any carrier's standard single economy airfare for that route as publicly advertised during the year of tax.

Other FBT aspects

Gross-up rules

To ensure neutrality between an employee receiving a fringe benefit or cash salary within the context of the GST system, changes were introduced to the way in which the relevant gross-up formula is calculated. The fringe benefits taxable amount is dependent on the relevant gross-up formula. A higher gross-up formula has been introduced to take into account the effect of input tax credits being able to be claimed in certain circumstances in respect of GST paid on some fringe benefits. The lower gross-up rate is still applicable in certain circumstances and is 1.8868. The higher gross-up rate is 2.0802. Which of these gross-up rates is to be applied depends on whether the amounts are 'type 1 aggregate fringe benefits amounts' or 'type 2 aggregate fringe benefits amounts'.

Other FBT aspects

Type 1 aggregate fringe benefits amounts

The 'type 1 aggregate fringe benefits amount' represents the total value of fringe benefits provided to employees or their associates where the provider of the benefit (i.e. employer) was entitled to input tax credits (assuming the entity is registered for the GST) at the time the benefit was acquired. The amount is then grossed-up to a GST inclusive value by applying the higher FBT gross-up formula, which effectively recoups any input tax credits arising from the provision of such fringe benefits. The sum of all type 1 fringe benefits is totalled during the year of tax and comprises the employer's type 1 aggregate fringe benefits amount for that FBT year. The type 1 aggregate fringe benefits amount is multiplied by 2.0802 in calculating the grossed-up value of such benefits for the FBT year ended 31 March 2025.

Type 2 aggregate fringe benefits amounts

The second type of aggregate fringe benefits amount provides for situations where the employer is not entitled to claim any input tax credit in respect of the fringe benefits provided such as would arise in the following circumstances:

- fringe benefits are provided and their taxable value is determined before the introduction of the GST (pre 1 July 2000)
- fringe benefits are GST-free or input taxed
- the goods or services are not acquired by the employer, for example, the goods or services are manufactured
- small business employers have opted not to register for the GST.

The taxable value of all such fringe benefits are aggregated to be the type 2 aggregate fringe benefit amount which is multiplied by 1.8868 to determine the grossed-up taxable value of such benefits for the FBT year ended 31 March 2025.

FBT concessional treatment of public benevolent institutions (PBI), private not-for-profit and public hospitals and FBT rebatable employers

Public benevolent institutions, charitable institutions and private (not for profit) and public hospitals

Separate concessional FBT treatment is available to PBI's and charitable institutions, and for private not-for-profit and public hospitals and certain public ambulance services. For PBI's and charitable institutions, no FBT is payable on the grossed-up taxable value of benefits provided up to a threshold limit of \$30,000 per employee for the FBT year ended 31 March 2025.

For private not-for-profit and public hospitals and eligible public ambulance services, the grossed-up taxable value of benefits can be provided up to a threshold limit of \$17,000 per employee for the FBT year ended 31 March 2025.

Any amount of fringe benefits in excess of these threshold amounts will be subject to normal FBT treatment. However, car parking benefits and non-packaged meal entertainment and entertainment leasing facility expenses are disregarded for the purposes of calculating the above \$30,000 and \$17,000 grossed-up threshold limits.

In addition, from 1 April 2016 a separate gross up cap of \$5,000 has applied to employees of the above non-profit organisations for salary sacrificed meal entertainment and entertainment facility leasing expenses. To the extent that the separate \$5,000 cap has been exceeded any excess will be included in the calculation of the above respective gross-up caps of \$30,000 or \$17,000.

FBT rebatable employers

FBT rebatable employers are certain non-profit, non-government employers who are eligible for a rebate of 47 per cent of the FBT that would otherwise be payable. The rebatable amount available to eligible rebatable employers is limited to \$30,000 of grossed-up taxable value of fringe benefits provided to each employee for the 2025 FBT year.

In addition, from 1 April 2016 a separate gross up cap of \$5,000 has applied to employees of rebatable employers for salary sacrificed meal entertainment and entertainment facility leasing expenses, and any amount in excess of that cap has been included in the calculation of the above general cap on fringe benefits of \$30,000.

Reportable fringe benefits and payment summaries

Where an employee's total taxable value (i.e. non-grossed-up value) of fringe benefits provided exceeds \$2,000, the employer is required to include the grossed-up taxable amount of the fringe benefits provided to the employee on the employee's payment summary. For the purposes of calculating this \$2,000 cap certain fringe benefits are excluded such as meal entertainment benefits, car parking benefits and certain remote area fringe benefits. The gross-up rate to be used for the 2025 FBT year in respect of reportable fringe benefits is 1.8868 regardless of whether the benefits provided are Type 1 or Type 2 benefits.

An employee's reportable fringe benefits amount will be taken into account for the purposes of, amongst other things, applying the Medicare Levy Surcharge, calculating Higher Education Loan Payment (HELP) repayments or determining an individual's entitlement to the spouse superannuation tax offset.

Other FBT aspects

FBT gross-up rate

The following example examines the cost to an employer which is a company providing type 1 or type 2 fringe benefits as opposed to paying a salary assuming it pays tax at the 27.5 per cent corporate tax rate.

A fringe benefit provided by a company for the FBT year ended 31 March 2025 – value \$1,100 (incl. GST)

	Type 1 aggregate fringe benefit amount Gross-up rate: 2.0802	Type 2 aggregate fringe benefit amount Gross-up rate: 1.8868
	Employer is entitled to an input tax credit	Employer is not entitled to an input tax credit

(1) Cost to employer

		Taxes paid to ATO	Taxes paid to ATO
(a) Benefit	\$	\$	\$
Cost of benefit (GST incl.) (A)	1,100		1,100
GST paid (B)		-	100
Less Input tax credit (C)	100		-
Net cost of benefit (D)	1,000		1,100
Gross-up for FBT (F=A x gross-up rate)	2,288		2,075
FBT payable at 47% (G=F x 47%)		1,075	975
Total tax paid/payable (H)		1,075	1,075
Less Income tax deduction at 27.5% (I=(D+G) x 27.5%)	571		571
Cost to employer (J=D+G-I)	1,504		1,504

(b) Salary

Equivalent to providing a salary of:

Gross salary to employee	2,075	2,075
Less Income tax deduction at 27.5%	571	571
Cost to employer	1,504	1,504

(2) Cost to employee

(a) Benefit

Salary forgone	2,075	2,075
Notional tax payable at 47% equivalent to FBT paid by employer	1,075	975
Cost to employee	1,000	1,100

(b) Salary

This is equivalent to receiving a salary of:

Gross salary	2,075	2,075
Tax payable at 47%	975	975
Cost to employee	1,100	1,100

Declarations and other records

Declarations

- car fringe benefit declaration
- expense/residual/property benefit declaration. If applicable one of the following declarations can be made in its place:
 - no private use declaration
 - recurring benefits declaration (can be used for a period of up to five years).

Note: For expense payment fringe benefits in relation to 'extended travel' a travel diary is required. Also, the no private use declaration is not available for property fringe benefits.

- loan fringe benefit declaration
- living away from home declaration. There are four possible declarations to complete from 1 October 2012:
 - living away from home declaration (pre 1 October 2012)
 - living away from home declaration (employees who fly-in fly-out or drive-in drive-out)
 - living away from home declaration (employee-related expenses)
 - living away from home declaration (employees who maintain an Australian home)
- relocation/remote area holiday transport declaration
- meal entertainment election
- car parking fringe benefit election

Key features of declarations generally include:

- name of employee
- applicable dates
- nature of the expense, etc.
- purpose of incurring the expenses, etc.
- the percentage the expenses, etc. were included in earning assessable income

Expense payment fringe benefit declaration I, _____, declare that expenses of _____ <i>(show nature of expense e.g. telephone rental and/or calls)</i> \$ _____ from _____ 20 _____ to _____ 20 _____ <i>(amount in figures)</i> for the following purpose(s): _____ <i>(Please give sufficient information to demonstrate the extent to which the expenses were incurred for the purpose of earning your assessable income.)</i> I also declare that the percentage of those expenses incurred in earnings my assessable income was _____ %

Log books

To establish the business use of a motor vehicle under the operating costs method there are two types of records that must be maintained – being log book records and odometer records. In a log book year both types of records must be maintained. A log book generally must be completed once every five years, and must contain information such as the date, the odometer readings at the beginning and end of each journey, the distance travelled and the purpose of the journey. Odometer records are the total distance travelled during the FBT year.

Planning techniques

FBT rate

FBT is payable on the sum of the employer's type 1 aggregate fringe benefit amount and type 2 aggregate fringe benefit amount (i.e. the grossed-up value of taxable fringe benefits). The FBT rate is 47 per cent for the FBT year ended 31 March 2021.

Otherwise deductible rule

The taxable value of a fringe benefit can generally be reduced to the extent that the employee would be entitled to a "once only" income tax deduction had he/she purchased the benefit.

General advantages of salary packaging

- the net cost of exempt and concessional fringe benefits are less than the net cost of funding the purchase of such benefits from an employee's after-tax salary
- exempt and concessional fringe benefits are not fully subject to Payroll tax and WorkCover
- employee loyalty (employees may be more likely to remain with an employer where a significant portion of their salary is packaged) e.g. a car.

Cars

The statutory formula method in relation to the calculation of a car fringe benefit still results in the provision of a car benefit being concessional taxed.

As the statutory formula method of calculating fringe benefits is based on the number of days the car is available for private use, there is the possibility of reducing the taxable value of the fringe benefit by reducing the number of days the car is available for use. For example, if an employee has two cars available to use, the high cost car could remain garaged on the employer's premises during the working week and may only be used on the weekends. The second vehicle, which is owned by the employee can be used during the week to travel to and from work. The taxable value of the car can be reduced significantly using this strategy.

It is important to note that a flat statutory percentage of 20 per cent will apply in calculating the taxable value of a car fringe benefit under the statutory formula method unless the car was acquired under an agreement entered into prior to 7.30 p.m. on 10 May 2011, and there has been no change to the pre-existing commitments under that agreement after that date. Accordingly, the estimated number of kilometres travelled is generally no longer a factor in the provision of car fringe benefits.

Leases entered into after 20th August 1996 may affect the method of packaging an employee's motor vehicle. Leases for motor vehicles in excess of \$57,581 (i.e. the depreciation cost limit for the 2018-19 financial year) entered into after this date will be treated in a similar way as to hire purchase arrangements.

Where an employee purchases a motor vehicle at the end of a lease, there will be no FBT implications if the amount paid by the employee equals the residual payment and the lease was a bona fide lease. Income Tax Ruling IT 28 set out that a lease is bona fide where the residual value exceeds the minimum residual value taking into account the original cost of the motor vehicle and the term of the lease. Also, there are no FBT implications if the employee subsequently sells the motor vehicle for a value higher than the residual payment.

The fringe benefits reporting exclusion for the pooled or shared private use by employees of their employer's cars commenced on 1 April 2007. The reporting exclusion means that the provision of that benefit is not required to be reported by the employer on the employee's payment summary. A pooled or shared car is a car that is used by more than one employee for private purposes (including home to work travel) during the FBT year.

Superannuation

Complying superannuation funds (including benefits paid from such funds) are exempt from FBT as they are concessional taxed under separate provisions in the income tax law.

The attractiveness of salary packaging additional superannuation contributions has recently been somewhat diminished by the introduction of new reporting requirements in relation to 'reportable employer superannuation contributions' (RESC) in payment summaries. RESC include salary sacrificed amounts and superannuation contributions above the minimum prescribed rate which is currently 9.5 per cent. Salary sacrificed superannuation contributions are now included in the income tests used to determine an individual's eligibility for various tax offsets and/or social security programs such as the Family Tax Benefit, Child Care Benefit, Medicare Levy Surcharge and HELP. These changes apply from 1 July 2009.

The 2022-2021 concessional contributions cap for superannuation contributions made to a complying superannuation fund(s) in respect of a member is \$25,000 for all individuals regardless of age.

Planning techniques

From 13 May 2008 – Eligible Work-Related Items

The following items may be exempt eligible work-related items provided that they are intended to be used primarily in employee's employment:

- portable electronic device, including laptops, tablets, mobile phones and portable printers
- computer software
- protective clothing
- briefcase and
- tools of trade.

A laptop may therefore qualify as an eligible work-related item as a portable electronic device and is FBT exempt provided that it is intended to be used primarily for work-related purposes.

An employee can be provided with more than one portable electronic device, provided the items do not have substantially identical functions and are used primarily for work-related purposes.

This exemption is limited to one item per FBT year for items that have a substantially identical function, unless the item is a replacement item.

However, from 1 April 2016, an employer who is a small business entity will be able to provide more than one electronic device to an employee which have substantially identical functions which will be exempt provided the primary work test is met for each device. An entity will be regarded as a small business entity for the 2022 FBT year if it carries on a business and its aggregated turnover is less than \$10 million for the year ended 30 June 2022.

Appropriate substantiation must be retained to show that the items are used primarily for work-related purposes.

Other exemptions include:

- use of employer's staff amenities
- compassionate travel
- fly-in fly-out arrangements where the work is performed in a remote area in Australia (e.g. on an oil rig)
- costs incurred in respect of travel for employees and future employees in relation to employment interviews and selection tests
- certain long service leave and safety awards
- certain emergency assistance given in respect of health care
- where trainees are engaged under an Australian traineeship system, an exemption is provided in respect of food, drink and accommodation
- food and drink provided for non live-in domestic employees where the employer is a natural person or a religious institution
- food, drink and accommodation provided for live-in help for elderly or disadvantaged persons. There is also an exemption where the person is employed by a religious institution.

Employee share plans

Employee share plans in relation to Division 83A of *the Income Tax Assessment Act 1997* are exempt from FBT. In addition, under Division 83A, the first \$1,000 of the discount received will be exempt from tax in the hands of the employee, or the timing of the assessability of any discount on employee share scheme interests can be deferred, if certain conditions are satisfied. Also, further amendments have been made to the employee share scheme rules under Division 83A effective from 1 July 2015 which, amongst other things, provide additional tax concessions for shares or rights acquired in eligible start-up companies.

Childcare and recreational facilities

The provision of childcare on the employer's premises is an exempt residual fringe benefit. Recreational facilities are also exempt when they are on the employer's premises.

Payment of an external childcare facility priority access fee is an exempt fringe benefit. However, if the employer pays or reimburses the childcare fees, it will be subject to fringe benefits tax.

Relocation benefits

There are a number of relocation benefits that can be provided, which will be exempt from fringe benefits tax. For example, relocation transport travel and removal and storage expenses for both the employee and his/her family are exempt benefits.

Costs associated with the sale or purchase of a house are exempt, as well as hotel accommodation and meals in limited circumstances.

Planning techniques

Exempt employers

The following types of employers are not subject to FBT:

- religious institutions, where the benefits are provided to religious practitioners engaged in pastoral duties
- international bodies
- diplomatic consular immunities.

\$1,000 exemption

Concessional valuation rules apply to in-house property, residual and expense payment fringe benefits. The first \$1,000 of the aggregate of the taxable values of certain 'in-house' fringe benefits given to an employee each year are exempt from fringe benefits tax.

This exemption does not apply where the benefit is provided under a salary packaging arrangement.

Minor benefits

Where a benefit is provided that is minor, infrequent and irregular and the taxable value is less than \$300 (incl. GST), it will be exempt from fringe benefits tax. For a benefit to be considered a minor benefit (refer to Taxation Ruling TR 2007/12), attention must be given to:

- the frequency and regularity with which similar or identical benefits are provided
- the sum of the value of such benefits provided in the year
- the circumstances in which the benefits are provided, i.e. whether they are provided as a reward for services.

Appendix A

Summary of entertainment deductibility and FBT treatment for taxable employers				
Location	Nature of expenditure	Attendee	Tax deductible	FBT payable
Employer premises but not in an 'in-house dining facility'.	Non-entertainment*	Employee	Yes	No**
		Client	Yes	No**
	Entertainment	Employee	No**	No**
		Client	No	No
	Entertainment	Employee (social occasions)	No**	No**
	Entertainment	Employee (social occasions)	No**	No**
Employer premises in an 'in-house dining facility' – an area set aside wholly or principally for provision of food and drink to employees on a working day, such as a cafeteria.	Non-entertainment*	Employee	Yes	No**
		Client	Yes#	No
	Entertainment	Employee	Yes	No**
		Client	Yes#	No
	Entertainment	Employee (social occasions)	No**	No**
	Entertainment	Employee (social occasions)	No**	No**
Non-employer premises such as a restaurant or reception centre.	Non-entertainment (meals taken whilst travelling)	Employee	Yes	No
	Entertainment	Employee	Yes	Yes
		Client	No	No
	Entertainment	Employee (social occasions)	Yes	Yes

* Non-entertainment includes morning and afternoon teas, light meals but excludes alcohol and elaborate meals.

** 'No' only applies if entertainment consists of food and drink provided on working days to employees: otherwise read as 'Yes'.

The amount of expenditure relating to the client will only be deductible to the employer where the amount of \$30 per client is added back to the employer's taxable income and the food and drink is not provided at a party, reception or other social function.

Appendix B

Fringe benefits tax
Internal and external entertainment

Fringe benefits tax year ending 31 March			Name of client:							
1	2	3	4	5	6	7	8	9	10	11
Date	Venue/Type of function	* Cost of function \$ c	# No. of employees	No. of clients / customers	Total no. attended	Cost per head	Non-deductible entertainment \$ c	Deductible entertainment \$ c	Total entertainment \$ c	FBT taxable value \$ c

* Includes travel, meals and entertainment # Includes family members