

2016 FBT Return Essentials Checklist

Updated to include checklists on additional benefit categories, Tax Exempt Bodies, Small Business Exemptions and Car Parking exemptions.

About FBT, Payroll & Salary Packaging Solutions

FBT, Payroll & Salary Packaging Solutions is Australia's only 100% fully dedicated Employer Obligations Consulting and Compliance Practice.

FBT, Payroll & Salary Packaging Solutions assists businesses across all industry sectors in meeting their day-to-day and periodic reporting of Employer Obligations.

So what are Employer Obligations?

Employer obligations are all the obligations an employer has when employing people. The technical areas are many and varied and include:

Payroll	Payroll Tax
Superannuation	Contractors
Termination Payments	Workcover
Employee Expenses	Mobility, Relocation & Travel
Fringe Benefits Tax	Car Parking Valuation
Fleet Management	Logbook
Salary Packaging	Employee Share Plan

In respect of Fringe Benefits Tax (FBT), key services provided include full or partial outsourcing of the FBT return preparation, tailored FBT return reviews and post lodgement reviews. Other services include advisory, training, review of policies, salary packaging, manual preparation, and preparing for and managing FBT audits.

Paul is a Chartered Tax Adviser, a member of the Institute of Chartered Accountants, a Registered Tax Agent and a former member of the now disbanded Australian Taxation Office National Tax Liaison Group (NTLG) Fringe Benefits Tax Subcommittee.

Good luck, and remember; – outsourcing may be the FBT Solution for you in 2016!

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2016 FBT Return Essentials Checklist

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Disclaimer: This checklist is intended to assist you with your FBT obligations. However, it is not intended to be the provision of advice.

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Your suggestions and feedback: We welcome any feedback or suggestions on our checklist. Please send any feedback to: info@fbtsolutions.com.au

How we can help you this FBT Season and beyond....

We can help you to navigate the 2016 FBT return season in a number of ways:

2016 FBT Return Preparation Seminars (full day 9am – 4.45pm)

Sydney – Wednesday 24 February <http://tinyurl.com/24-Feb-Sydney>

Perth – Tuesday 1 March <http://tinyurl.com/1-March-Perth>

Melbourne – Thursday 3 March <http://tinyurl.com/3-March-Melbourne>

Brisbane – Wednesday 9 March <http://tinyurl.com/9-March-Brisbane>

Sydney – Wednesday 16 March <http://tinyurl.com/16-March-Sydney>

2016 FBT Essentials Update Webinars (90 minutes)

Thursday 17 March - 2016 **Australian** FBT Essentials Update Webinar

To register or for more information: <http://tinyurl.com/Aust-FBT-Webinar>

Tuesday 22 March - 2016 **New Zealand** FBT Essentials Update Webinar

To register or for more information: <http://tinyurl.com/NZ-FBT-webinar>

In-house training session (half day or full day)

If you would prefer to conduct an in-house training session, we will develop a tailored session for you and your team. If you would like to discuss in-house training options, please contact us: info@fbtsolutions.com.au or 02 8079 2924.

Car Parking FBT Rates (average rates & market valuation)

We provide lowest average cost reports, market valuations and retrospective (refund claim) reports. To order, please click here: <http://tinyurl.com/FBT-Car-Parking>. If you have any queries on our car parking FBT valuation services, please contact us: info@fbtsolutions.com.au or 02 8079 2924.

Logbook Solution FBT reduction on Cars & Car Parking

Our Logbook Solution and Fleet Optimize Solution saves employers thousands of dollars on cars & car parking FBT liabilities and operating expenses. A simple to install plug & play GPS device monitors driver behaviour, vehicle tracking and is designed to minimise driver privacy concerns. For more information, please visit: <http://tinyurl.com/FBT-Logbook> or contact us: info@fbtsolutions.com.au or 02 8079 2924.

FBT Return Preparation Outsource and Lodgment

We offer a fully outsourced FBT return service. Let us take care of the 2016 FBT return preparation process for you. Included with our outsource service is all detailed GL and expense analysis, all compliance reporting and lodgement. Alternatively we can manage your FBT return preparation process from start to finish – you do the work but we provide the technical input and show you all the shortcuts!

To discuss further please contact us: info@fbtsolutions.com.au or 02 8079 2924.

FBT Return Review and Lodgment

We offer a range of FBT Return review services, from in-principle reviews through to detailed reviews. If you would like to discuss our FBT Return review services, please contact us: info@fbtsolutions.com.au or 02 8079 2924.

Employer Obligations Association of Australia (EOAA)

Why should my employer join the EOAA?

One of the key benefits of joining the EOAA is the unlimited written query and answer service on any of your Employer Obligations – this is ideal to help you when preparing your 2016 FBT return. Ask your FBT return preparation queries to make your FBT preparation process smoother and quicker.

To join, please go here: <http://tinyurl.com/Join-EOAA>

Introductory Annual Membership Offer - only \$362.73 plus GST (\$399 including GST) to join the EOAA. That's less than \$1 a day to have Tax, FBT, Payroll, Salary Packaging, Fleet and Accounting experts at your fingertips.

Member discounts of up to 50% on our extensive 2016 training schedule of webinars and seminars that can be viewed here: <http://tinyurl.com/EOAA-training>

To join, please go here: <http://tinyurl.com/Join-EOAA>

If you would like to discuss membership, please contact our membership manager via email at: member@employerobligations.com.au or by phone on 02 9275 8735.

2016 FBT Return Essentials Checklist

Preparation and Lodgment of the annual FBT return is probably the single biggest one-off Employer Obligation for most employers. Therefore, with this in mind, we have developed our 2016 FBT Return Essentials checklist to assist FBT return preparers.

Key checklist questions to consider when preparing the 2016 FBT return include preparation considerations and technical challenges.

Often when preparing the FBT return, the challenge is not what's in the FBT return that matters, it's what's not in the FBT return that matters! This checklist has two aims, to assist in identifying fringe benefits, and secondly to help with the correct valuation and reporting requirements.

Key Changes for 2016

Key changes to note for all employers when preparing your 2016 FBT return:

FBT rate	49%
Type 1 gross up rate	2.1463
Type 2 gross up rate	1.9608
Car parking threshold at 1 April 2015	\$8.37
Statutory benchmark interest rate	5.65%
FBT-Rebatable Employers	Cap increased to \$31,177
Public Benevolent Institutions and Health Promotion Charities	Cap increased to \$31,177
Public and Non-Profit Hospitals and Ambulance Services	Cap increased to \$17,667
FBT rebate increased to	49%
Living Away From Home reasonable food and drink amount — within Australia for 1 adult	\$241 per week

Changes to capping thresholds (summarised in table above)

Currently, certain employers are capped on the amount of concessional tax benefits they can provide to their employees, as follows:

1. **FBT-Rebatable Employers** (e.g. certain associations, clubs or societies,) are subject to a \$30,000 cap (increased to \$31,177 for the 2016 and 2017 FBT years due to the Temporary Budget Repair Levy) on the amount of fringe benefits (which are eligible for an FBT rebate) they can provide to each of their employees.
2. **Public Benevolent Institutions and Health Promotion Charities** are subject to a \$30,000 cap (increased to \$31,177 for the 2016 and 2017 FBT years due to the Temporary Budget Repair Levy) on the amount of FBT-exempt benefits they can provide to each of their employees.
3. **Public and Non-Profit Hospitals and Ambulance Services** are subject to a \$17,000 cap (increased to \$17,667 for the 2016 and 2017 FBT years due to the Temporary Budget Repair Levy) on the amount of FBT-exempt benefits they can provide to each of their employees.

Key Changes for 2017

Note that the changes below apply from 1 April 2016, therefore they are not relevant to the 2016 FBT return.

Changes to FBT exemption on portable electronic work devices

Small businesses that supply their employees with portable devices including laptop computers and tablets will no longer need to pay FBT on either device. Previously, businesses may not have been able to obtain an FBT exemption on such devices because a laptop and a tablet could be considered to have 'substantially identical functions'.

The exemption will apply from April 1, 2016 to small businesses and start-ups with an aggregated annual turnover of less than \$2 million that provide employees with more than one qualifying work-related portable electronic device, where the devices have similar functions.

Changes to salary sacrificed meal entertainment and entertainment facility leasing expenses (EFLE)

Certain benefits are currently excluded from the capping regime, such as the following:

- Meal entertainment-related benefits (e.g. restaurant meals) and
- EFLEs (e.g. holiday accommodation and venue hire for a special event, such as a wedding).

Additionally, meal entertainment-related benefits and EFLEs are also currently excluded from the FBT payment summary reporting rules.

From 1 April 2016, the government will introduce a separate single grossed-up cap of \$5,000 for salary sacrificed meal entertainment and EFLEs (meal entertainment benefits). Where these benefits exceed the separate grossed-up cap of \$5,000 they can also be counted in calculating whether an employee exceeds their existing cap.

High Level General Questions:

	High Level General Questions	Y/N - notes
1	Have you reviewed last year's FBT return and file to familiarise yourself with the benefits provided and the valuation methodologies used?	
2	Have you identified or been told what the issues were in last year's FBT returns, what technical positions were taken and what were the data collection challenges?	
3	Have you reviewed employee contracts to determine the employee entitlements?	
4	Have you reviewed EBA's and Workplace Agreements to understand employee entitlements and the circumstances in which they are provided?	
5	Have you confirmed all employing entities?	
6	Have you checked with Payroll regarding starters, leavers and transfers? Often when there are people movements there may be FBT issues in relation to relocation costs or temporary accommodation costs?	
7	Have you checked regarding Award recognition programs or Incentive programs, either run internally or by a third party entity?	
8	Have you confirmed the types of benefits salary packaged?	
9	Have you confirmed if cars are managed internally or externally?	
10	Have you prepared a timeline or project plan to assist with successful completion of the FBT return and on-time lodgement?	

Cars SFM Checklist Questions:

The Statutory Formula Method requires the correct base value amount to be calculated, along with accurate odometer readings. Have you considered the following?

	Cars Statutory Formula Method	Y/N - notes
1	<p>Have you compared closing odometer readings at 31 March 2015 to opening odometer readings at 1 April 2015?</p> <p>Have you obtained odometer readings at 31 March 2016 or earlier if the lease ended or the car was sold during the FBT year?</p>	
2	<p>For all new cars, are you confident that the base values for FBT purposes have been calculated correctly?</p> <p>(Note: the luxury car threshold does not apply when calculating the FBT base value)</p>	
3	<p>For cars on the contribution method:</p> <ul style="list-style-type: none"> • Have you confirmed the amounts paid from after tax? • Are there excess contribution amounts to be carried forward from last year? • Does the employee have any unreimbursed car expenses? 	
4	<p>Have you reduced the days available by any days where the car is unavailable for private use?</p> <p>Does your organisation have a written policy criteria on what is acceptable as days unavailable for private use?</p> <p>Have you received a declaration from each employee who has claimed days unavailable for private use?</p>	

5	For cars that were owned or leased prior to budget night (10 May 2011), have you considered if the use of the “old” statutory fraction rates is applicable?	
6	Have you considered if the one third reduction is available?	
7	For rental cars, have you considered if the statutory formula method applies?	

Cars OCM Checklist Questions:

Whilst use of the Operating Cost Method to value a car fringe benefit usually results in a lower FBT liability, there is a greater level of compliance required to achieve this result.

Have you considered the following:

	Cars Operating Cost Method	Y/N - notes
1	Are you sure that all logbooks are available, valid and current? Importantly, please check point 10 below.	
2	Do the logbooks clearly state the purpose of each business journey? A description of “business” or “work” will not suffice.	
3	Is the logbook representative of a normal 12 week period?	
4	Is the logbook percentage reasonable given the current role / responsibilities of each employee? See point 10 below.	
5	Are all operating costs GST inclusive, where GST has been charged?	
6	Have all operating costs been identified, including any costs paid directly by the employee?	
7	Does the total operating cost amount for each car look	

	<p>reasonable, given the value of the car and the period the car was held?</p> <p>Are the operating costs comparable to the prior year or to similar cars?</p>	
8	<p>Have the following been excluded when calculating the operating costs:</p> <ul style="list-style-type: none"> • Bridge and Road tolls • Car Parking Fees • Repairs paid for by an insurance company • Personal purchases 	
9	<p>For cars on the contribution method:</p> <ul style="list-style-type: none"> • Have you confirmed the amounts paid from after tax? • Are there excess contribution amounts to be carried forward from last year? • Does the employee have any unreimbursed car expenses? 	
10	<p>In relation to a non-logbook year three conditions must be satisfied in order for the substantiation rules to have been met:</p> <p>A. Odometer records must be maintained. These should record the odometer readings at the beginning and end of the holding period, ie the period in a year of tax during which the car is held;</p> <p>B. The employer must specify the estimate of the number of business kilometres travelled by the car during the holding period; and</p> <p>C. The employer must specify a percentage as the “business use percentage”</p>	

11	Has an election notice to use operating cost method been completed?	
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Exempt Cars

The ability to claim exemption for a car requires a high level of certainty on the part of the employer and is a key focus area by the ATO.

	Exempt Cars	Y/N - notes
1	Have you checked the ATO website listing of exempt vehicles to see if the vehicle qualifies for exemption?	
2	Do you have a high level of proof for claiming exemption?	
3	Do you have a policy on prohibition of private use (other than home to work and work to home travel)?	
4	Are your employees aware of the narrow view that the ATO takes in relation to the definition of minor, irregular and infrequent private use?	
5	What undertakings have you received from the employee driver/s regarding limited private use (per 3 above)?	
6	Have you obtained declarations from employees to support claiming exemption or to determine the level of private usage?	
7	If the vehicles do not qualify for exemption, has an FBT valuation method been chosen, remembering that over 1 tonne vehicles are not defined as cars and therefore the statutory formula method may not be used.	

Car Parking Exemptions

Car parking exemptions apply to certain employers as follows:

Small Business Car Parking Exemption

If you are a small business, there is an exemption for the provision of car parking benefits. In order to claim exemption, the following conditions must be met:

- (a) The car is not parked at a commercial parking station.
- (b) The employer is neither a public company, nor a subsidiary of a public company on the day on which the benefit was provided.
- (c) The employer is not a Government body
- (d) For the income year ending most recently before the start of the FBT year, either the employer's ordinary and statutory income is less than \$10m; or the employer is a small business entity.

Exemption for non-profit institutions

Car parking benefits provided by certain non-profit employers to their employees will be exempt. The following employers are exempt:

- a scientific institution (but not one carried on by a company, society or association for the purposes of profit or gain to its individual shareholders or members)
- a registered charity, or
- a public educational institution.

Car Parking Checklist Questions

The rules in relation to car parking benefits are complex and require careful consideration. In addition, it is necessary to undertake a car parking rates survey to determine:

1. Do you have a liability to FBT on car parking provided?; and

2. Have you minimised the FBT car parking liability by applying the lowest average daily rate available or considered obtaining a market valuation?

	Car Parking	Y/N - notes
1	Have you identified all parking locations? A common error is copying the locations for the previous year.	
2	Has there been any change in business locations during the FBT year?	
3	For each location, have you determined if there is a Commercial Parking Station charging above the daily rate threshold of \$8.37 at 1 April 2015?	
4	Have you identified the start and end dates for each car parking space where the space hasn't been provided for a full FBT year?	
5	Have you considered if more than one car parking benefit exists for a single car space? This may occur where you have employees working in shift rotations.	
6	Have you identified the lowest daily rates at 1 April 2015 and 31 March 2016? Do you have documentary evidence to support these rates?	
7	Are the spaces owned or leased by the employer? Any spaces leased by the employee and paid or reimbursed by the employer will not constitute car parking fringe benefits but will likely need to be included in the FBT return as an Expense Payment benefit.	
8	Disabled car parking – Car parking is exempt from FBT if the disabled employee is legally entitled to use a disabled person's	

	parking space and has a valid disabled person's car parking permit displayed on the car.	
9	Have the relevant employer election notice and declaration been completed?	

General Ledger

A detailed review of the general ledger, whilst time consuming, is usually a necessary end of FBT year task. Here are some key areas to check:

	General Ledger Review	Y/N - notes
1	<p>Where you have identified a fringe benefit, have you checked if GST was charged when the benefit was acquired?</p> <p>If GST was charged, then it will be necessary to gross up the benefit value to a GST inclusive amount.</p> <p>Please remember that any overseas GST is not relevant in determining the gross up factor.</p>	
2	<p>Have you identified any deposits or prepaid amounts to ensure that these are attributed to the correct FBT year?</p> <p>If the amounts are attributable to the next FBT year, then it will be necessary to note this as a carry forward item.</p>	
3	<p>Have you cross checked motor vehicle running expenses against the listing of car fringe benefits?</p> <p>Running expenses in relation to car fringe benefits are exempt for FBT purposes. However, reimbursement of car running costs, where the car is owned or leased by the employee, must be considered for FBT purposes.</p>	
4	Have you checked for allowance amounts, like "relocation	

	allowances”, often these amounts are advances or expected amounts to cover a future or past cost. However, it will be necessary to understand in detail what these amounts relate to.	
5	Have you reviewed training, conference and seminar costs? If the company has hosted conferences or seminars, these should be reviewed to understand the purpose and activities undertaken. Usually a review of the agenda and detailed costing’s will assist.	
6	Have you analysed travel costs to determine if any relate to private travel or spouse / associate travel?	

Living Away From Home Benefits

With the changes to the Living Away From Home (LAFH) rules from 1 October 2012, greater care needs to be undertaken in assessing the FBT implications. With a narrower scope for eligibility and increased substantiation requirements, the level of risk is greater.

	Living Away From Home	Y/N - notes
1	Have you thoroughly assessed the transition to the new rules in respect of every employee receiving LAFH benefits?	
2	In particular, have you confirmed that the employee receiving a LAFH benefit is maintaining a home? (requirement not applicable to Fly In Fly Out / Drive In Drive Out workers)	
3	Have you checked if the 12 month time limit at any one location has been exceeded? (requirement not applicable to Fly In Fly Out / Drive In Drive Out workers)	
4	Are the amounts paid in respect of accommodation greater than the employee’s actual expense? (if YES, then the excess is subject to FBT)	

5	Are the amounts paid in respect of food greater than the ATO's reasonable amounts? (if YES, then the excess may be subject to FBT)	
6	Have your employees substantiated the expenditure for accommodation?	
7	Where the food amounts paid are in excess of the ATO's reasonable amounts, have you substantiated ALL of the expenditure for food?	
8	Have you collected (or will collect) declarations from employees in receipt of LAFH benefits, including employees who have left your organisation?	
9	Have you analysed other costs reimbursed or benefits provided to employees receiving LAFH benefits?	

Relocation - Permanent

It is important to track and identify benefits provided to employees who have relocated on a permanent basis. This is an area of FBT risk for employers, and requires careful review and analysis.

	Permanent Relocation – whether in to Australia or within Australia. The following are benefits commonly provided to employees relocating on a permanent basis.	Y/N - notes
1	Relocation travel	
2	Familiarisation or “look-see” trips - travel and related costs	
3	Storage and removal of household goods	
4	Connection or reconnection costs	
5	Relocation consultant	

6	Temporary accommodation (concession may apply up to 12 months)	
7	Leasing of household goods	
8	Incidental costs in relation to the sale and purchase of a residence (special rules apply to claim exemption)	

Relocation - Temporary

It is important to track and identify benefits provided to employees who have relocated on a temporary basis. This is an area of FBT risk for employers, and requires careful review and analysis.

	Temporary Relocation – whether in to Australia or within Australia. The following are benefits commonly provided to employees relocating on a temporary basis.	Y/N - notes
1	Relocation travel	
2	Familiarisation or “look-see” trips - travel and related costs	
3	Storage and removal of household goods	
4	Connection or reconnection costs	
5	Relocation consultant	
6	Temporary accommodation	
7	Leasing of household goods	

Expatriates

In our experience the tracking and identification of benefits provided to expatriates is often difficult. This represents a risk for employers with these types of employees.

	Expatriates & Mobility – where provided, are the following common benefits identifiable and been assessed for FBT liability purposes?	Y/N - notes
1	Health or medical insurance	
2	Permanent residency costs	
3	Permanent residency consulting fees	
4	Renewal of temporary visa costs	
5	Home country benefits	
6	Contributions to an offshore pension fund paid on behalf of a resident employee	
7	Home leave trips (50% concession for one return trip per FBT year)	
8	Living Away From Home benefits	
9	Education costs for dependent children	
10	Migrant language costs	
11	Assistance with local and / or home country personal tax returns	

Food & Drink

Food & Drink that does not constitute Meal Entertainment checklist questions:

	Have you excluded the following from your meal entertainment calculations?	Y/N - notes
1	Snacks, fruit bowls, coffee, tea etc provided on premises and consumed on premises	
2	Morning and afternoon teas - provided on premises and	

	consumed on premises	
3	Light lunches - provided on premises and consumed on premises	
4	Birthday cakes / sausage rolls - provided on premises and consumed on premises	
5	Meals consumed by travelling employee. Note that meals consumed by non-travelling employees or associates of employees will be subject to FBT. In addition, under the actual method, meals consumed by non-employees will be non-deductible for income tax purposes and the GST is non-claimable. Under the 50/50 method, meals consumed by non-employees will need to be included when calculating the taxable value.	
6	Meals consumed by employee's whilst attending a business conference or seminar	

Meal Entertainment – 50/50 Method

The following are generally food & drink in the nature of Meal Entertainment:

	Have you included the following in your meal entertainment calculations?	Y/N - notes
1	Employee functions	
2	Client / customer meals and celebrations	
3	Meals provided to non-travelling employees and/or clients / customers	
4	Meals provided on premises at celebrations / functions	
5	Meals where the per head cost is less than or more than \$300 per head including GST (ie the minor benefit rule does not apply)	

	to meal entertainment valued under the 50/50 method)	
6	Travel or accommodation expenditure related to the provision of the food and drink meal entertainment.	
7	Has an election notice to use 50/50 valuation method been completed?	

Meal Entertainment – the Actual Method

The following are to be included in the Meal Entertainment calculations:

	Have you included / considered the following in your meal entertainment calculations?	Y/N - notes
1	Employee functions	
2	The employee portion of client / customer meals and celebrations	
3	Meals provided to non-travelling employees	
4	Employee meals provided on a regular and frequent basis where the per head cost is more than or less than \$300 including GST	
5	Under the actual method, two exemptions may be applied: A. Employee food & drink provided on premises at celebrations / functions B. Employee meals provided on an irregular and infrequent basis where the per head cost is less than \$300 including GST	
6	In relation to the exemptions in 5 above, note that the GST is not claimable and an income tax deduction is not available.	

Tax Exempt Body Entertainment – special rules apply

Special rules apply to limit the application of the minor benefit exemption for tax-exempt bodies. Entertainment expenditure incurred by a tax-exempt body in respect of the entertainment of an employee or associate will qualify for the minor benefits exemption in the following two limited situations.

Situation 1 — Light refreshments incidental to entertaining outsiders

The provision of entertainment to the employee or associate must be merely incidental to the provision of entertainment to outsiders (broadly, persons who are neither employees of the employer nor associates of employees). In addition, the entertainment provided to the employee or associate must not consist of, or be provided in connection with, a meal other than a meal consisting of light refreshments.

Situation 2 — Recognition of special achievements

The entertainment provided to the employee or associate must be on “eligible premises of the employer” and for the sole purpose of recognising the special achievements of the employee in a matter related to his or her employment.

The “eligible premises of the employer” are premises of the employer (or of a related company), including a location at or adjacent to a site at which the employee performs his employment duties. Therefore, the entertainment cannot be provided at a restaurant or anywhere else unconnected with employment duties.

Entertainment Facility Leasing Expenses

The following should be considered in relation to Entertainment Facility Leasing Expenses (EFLE):

	Have your employees been provided with entertainment facility leasing benefits?	Y/N - notes
1	Corporate boxes	

2	Boat cruises	
3	Golf days	
4	Are other entertainment costs, such as meals or recreational components included?	
5	Are other non-entertainment costs, such as advertising, promotional material and car parking?	
6	Consider if the minor benefits exemption can be applied	

Recreational Entertainment

The following should be considered in relation to Recreational Entertainment:

	Have your employees been provided with the following recreational entertainment benefits?	Y/N - notes
1	Tickets to sporting or cultural events	
2	Sponsorship tickets	
3	Games of golf	
4	Corporate games and similar corporate events	
5	Consider if the minor benefits exemption can be applied	
6	Are other entertainment costs, such as meals or entertainment facility leasing expenses included?	
7	Are other non-entertainment costs, such as advertising, promotional material and car parking included?	

Other Benefits:

Whilst cars, car parking, entertainment, LAFH, expats and relocation are probably the most significant fringe benefits provided by employers, the FBT law prescribes a number of other benefit categories.

These must also be considered with your FBT Return preparation process.

	Other Benefits	Y/N - notes
1	<p>Loan Fringe Benefits</p> <p>A loan fringe benefit arises where an employer makes a loan to an employee. Loans include those made by an associate of an employer, or by a third party under an arrangement with an employer, and loans to an associate of an employee, or to some other person at the request of an employee or of an associate of an employee. A loan fringe benefit exists in any year in which the recipient is under an obligation to repay the whole or any part of the loan.</p>	
2	<p>Debt Waiver Fringe Benefits</p> <p>A debt waiver fringe benefit arises where an employer releases an employee from a debt. The waiver must be connected with the employment ie not for commercial reasons. The taxable value is the amount waived</p>	
3	<p>Property Fringe Benefits</p> <p>A property benefit arises where the employer provides property to the employee. The rules apply to all types of property, both tangible and intangible, such as goods, real property, shares, other securities or rights and bitcoin. Property is generally “provided” when ownership passes.</p>	

4	<p>Housing Fringe Benefits</p> <p>A housing fringe benefit arises where an employer grants an employee a right to occupy or use a unit of accommodation as a usual place of residence. It may cover any type of accommodation, as long as it is the employee's usual place of residence, for example a house, flat, unit, hotel, motel, guesthouse, bunkhouse, ship, oil rig, caravan or mobile home.</p>	
5	<p>Board Fringe Benefits</p> <p>A board fringe benefit arises where an employee is entitled under an industrial award or employment arrangement to accommodation and to at least two meals a day. The meal must be prepared and supplied on the employer's or related company's premises or at or adjacent to a worksite.</p>	

Some key FBT exemptions & concessions

The FBT law contains a large number of FBT exemptions & concessions. Here are some of the more common exemptions that should be considered when preparing your 2016 FBT Return.

	FBT exemptions & concessions	Y/N - notes
1	<p>Portable Electronic Devices</p> <p>Exemption applies to laptops, notebooks, ipads, tablets, mobile phones, smart phones etc</p> <p>In order to claim exemption, the device must be used primarily for business purposes.</p>	
2	<p>Long Service Awards - exemption threshold of \$1,000 for 15 years of long service and \$100 for each additional year of service.</p>	

3	Safety Awards – exemption of \$200 in an FBT year related to occupational safety achievements.	
4	Minor benefits – each minor benefit must be less than \$300 including GST and provided on an irregular and infrequent basis	
5	Remote area housing	
6	Remote area rent (50% concession)	
7	Taxi travel for a single trip beginning or ending at the employees place of work or as a result of illness.	
8	Certain car expenses such as fuel, insurance, repairs in the form of expense payment, property and residual benefits which are provided in conjunction with an employer provided vehicle taxed as a car fringe benefit.	
9	Travel for compassionate reasons.	
10	Occupational health and counselling.	
11	Travel for medical treatment (overseas employee).	
12	In-house health care facilities.	
13	Emergency assistance to employees — for example, health care, travel, clothing, accommodation.	
14	Recreational or child care facilities located on the employer’s business premises?	
15	Goods or services sold at a discount or given away free to employees by the employer are known as in-house benefits. The taxable value of in-house fringe benefits that relate to a particular employee are subject to an aggregate \$1,000 reduction per FBT year.	

GST & FBT – Some Key Interaction Questions:

The ATO regularly release a list of 10 common FBT return errors. Without fail 3 or 4 of the common FBT return errors relate to the interaction between FBT and GST. Here are some key FBT Return checklist questions to ensure your FBT return doesn't become part of the statistics:

	Getting the interaction between FBT & GST right	Y/N - notes
1	Are all fringe benefit values inclusive of GST where GST has been charged?	
2	Gross up rates – have you used the correct new gross up rates?	
3	Where a tax invoice has not been received, and GST was charged, have you ensured that the Type 1 or higher gross up rate has been used?	
4	Have you performed a sanity check on the split between Type 1 v Type 2 benefits?	
5	Have you remitted the GST liability on after tax cash contributions?	
6	Have you used the GST inclusive value of employee contributions in your FBT calculations?	
7	Have you considered if an adjustment to GST claimed is required in respect of Entertainment benefits?	
8	Have you blocked or adjusted for GST on entertainment benefits where the minor benefits exemption has been applied?	
9	Have you blocked or adjusted for GST on entertainment benefits where the on premises exemption has been applied?	

Reportable Fringe Benefits FBT Return Checklist Questions:

The reporting of benefits on employee payment summaries is an important obligation and requires careful review. Failure to report correctly can result in ATO penalties and unhappy employees.

	Reportable Fringe Benefits – have you considered the following:	Y/N - notes
1	Have you excluded meal entertainment & entertainment facility leasing benefits?	
2	Have you included recreational or other entertainment? Examples being tickets to sporting & cultural events, holidays and games of golf.	
3	Have you excluded car parking fringe benefits?	
4	Another key exclusion is pooled or shared cars. A pooled or shared car is defined as a car that gives rise to a car fringe benefit or an exempt car fringe benefit to two or more employees in the same FBT year.	
5	Have you included reportable spouse and other associates benefits with the employee reportable amounts?	
6	Don't forget, benefits excluded from the reportable requirements may still be subject to FBT.	
7	Don't forget that the reportable threshold is \$2,000. If an individual employee receives more than \$2,000 in reportable benefits, then the employer is required to report an amount on the employee's payment summary.	
8	The amount to be reported on the payment summary must be grossed up using the Type 2 gross up rate of 1.9608.	

What should I do if I find a mistake (or two) in a prior year FBT Return?

When preparing the current year FBT return you may identify an error in a prior year FBT return. Examples may include:

1. Incorrect closing odometer reading at 31 March 2014
2. Car parking spaces provided to employees that were omitted
3. Failure to include Permanent Residency costs paid for by the employer
4. Incorrect use of the minor benefit exemption in respect of meal entertainment under the 50/50 valuation method
5. Failure to include contributions to an offshore pension fund paid on behalf of a resident employee

We suggest the following approach in managing the potential exposure related to prior year mistakes:

- A. Assess if the error is only related to the prior year or multiple years
- B. Assess if the error has resulted in an underpayment or overpayment of FBT
- C. Check if the error/s have resulted in incorrect payment summary reporting
- D. Determine & quantify the full extent of the error
- E. Assess the broader impact on other employer obligations
- F. Determine if a voluntary disclosure and subsequent amendment is required

Good luck, and remember, if it all looks too hard – outsourcing may be the FBT solution for you!

Yours in FBT

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Disclaimer: This checklist is intended to assist you with your FBT obligations. However, it is not intended to be the provision of advice.

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Your suggestions and feedback: We welcome any feedback or suggestions on our checklist. Please send any feedback to: info@fbtsolutions.com.au