



## Financial and Business Services Division

# FBT Expense Payment Benefits Guide

This guide is pursuant to the Fringe Benefits Tax operational policy and procedure.

### GENERAL

- 1 General information on fringe benefits, how Fringe Benefits Tax (FBT) applies to the University and how it is processed is contained in the [Fringe Benefits Tax—General guide](#). Please use the following guide in conjunction with it.

### What Is an Expense Payment Fringe Benefit?

- 2 An expense payment fringe benefit arises when the University, an associate of the University i.e. a related entity or a third party under arrangement does either of the following:
  - reimburses a staff member for expenses incurred
  - pays expenses on behalf of the staff member

This is usually when the University pays a bill on behalf of a staff member such as home telephone, internet broadband fees, mortgages, holiday expenses, school fees, general service fees for a prescribed course of education, driver's licence, health insurance premiums etc.

### Can an expense Payment Fringe benefit be reduced?

- 3 The taxable value of an expense payment fringe benefit can be reduced by the amount that would have been deductible to the staff member had they paid for the expense and not been reimbursed under the Otherwise Deductible Rule (see [definitions](#))
- 4 Where possible the University must claim a reduction in the taxable value under the Otherwise Deductible Rule in relation to a benefit that has been paid or provided or reimbursed to a staff member by obtaining an approved declaration (refer exceptions below re paragraph 9).
- 5 Where no declaration is submitted or the Otherwise Deductible Rule does not apply FBT is applicable and the expense must be coded to account 6725 Non Salary Benefits - FBT Taxable.
- 6 At all times documentary evidence (eg. tax invoice, receipt) is required to substantiate the expenses for payment.

### Processing Expense Payments

- 7 The declaration must be completed by the staff member and submitted with the payment documentation.

Some examples of payments or claims that require a declaration (see paragraph 9 for exceptions) are:

- invoices or receipts that are in the staff members name rather than the University's name eg. course registration
- personal subscriptions or memberships to professional associations
- personal telephone expenses including mobile
- personal internet broadband fees

- self education expenses (for more information see [Self Education Expenses & FBT](#))
  - vehicle hire
  - fuel eg. unleaded petrol
  - accommodation expenses in residential premises (eg. house rental or bond)
  - personal software used for work related purposes (see paragraph 12)
- 8 There are two Expense Payment Benefit Declaration forms that can be downloaded from [www.deakin.edu.au/fbsd/forms/](http://www.deakin.edu.au/fbsd/forms/)
- The [Expense Payment Benefit Declaration](#) includes a section for stating how much of the expenses were related to work i.e. for the purpose of earning assessable income. This needs to be expressed as a percentage and for anything less than 100% FBT is applicable on the remaining amount and must be coded to an FBT taxable account eg. 6269 (Telephone/Internet - FBT Taxable). If there is no specific account use 6725 (Staff Awards & Benefits - FBT Taxable).
- The [Recurring Expense Fringe Benefit Declaration](#) must be used where the staff member receives a series of expense benefits that are essentially the same except for the value of the benefit or the proportion of business use of the benefit. By completing this declaration the staff member does not need to complete a separate declaration of each and separate expense benefit. The declaration applies for 5 years. Benefits are treated as identical if the deductible proportion of the expense does not differ by more than 10 percentage points.

#### Declaration exceptions

- 9 Declarations are not required for expenses incurred by staff members that are either:
- **exclusively work related** eg. office supplies, approved staff development
  - **fully subject to FBT** (must be coded to an FBT taxable account) eg. HECS, holiday, or
  - **exempt from FBT** (see paragraph 13 of the [FBT General Guide](#)).
- Provided invoices/receipts are not in staff member's name some examples of payments or claims that do not require a declaration are:
- office supplies or minor equipment (eg. stationery, field equipment)
  - work related goods or supplies (eg. newspapers, tea, coffee, milk)
  - seminar or business lunch
  - catering expenses
  - university staff development
  - meal and incidental travelling expenses
  - protective clothing
  - tools of trade
  - photocopying of archival documents
  - accommodation expenses in commercial premises whilst travelling eg. motel
- 10 Staff gift vouchers are not expense payment fringe benefits and may be exempt from FBT (see paragraph 13.4 of the [FBT General Guide](#)).

#### Specific Cases of Expense Payments and FBT

- 11 **HECS:** payments by the University for HECS and Student Financial Supplements Schemes (SFSS) such as Higher Education Loan Programme (HELP) and Post Graduate Education Loan Scheme (PELS) are fully subject to FBT, regardless of whether the course is work-related. This is because a tax deduction is specifically denied to a person for HECS and SFSS. These payments must be coded to FBT taxable account 6732 Staff Development & Training - FBT Taxable but GST Free. No declaration is needed.

- 12 **Desktop computers, laptops and software:** where an employee is reimbursed for a **desktop computer**, the expense must be coded to account 6725 Staff Awards & Benefits - FBT Taxable. No declaration is needed. Desktop computers are not exempt fringe benefits.

In the case of **laptops** no declaration is needed but these may be exempt from FBT (see paragraph 13.1 of the [FBT General Guide](#)). If taxable the expense must be coded to account 6725 Staff Awards & Benefits - FBT Taxable.

However, where an employee is reimbursed for expenditure in respect of **computer software** it may be otherwise deductible if used primarily for work-related purposes. Software valued at \$300 or less which is primarily used for work-related purposes that does not amount to the employee carrying on a business is an allowable deduction and not subject to FBT. A declaration is needed to confirm the portion related to University purposes.

- 13 **Associate travel:** an FBT liability will arise when an associate accompanies an employee on work-related travel and expenses in respect of the associate are met by the University, an associate of the University or a third party under arrangement. The taxable value of the benefit is the cost of the benefit including airfares, accommodation and other travel related expenses paid for in respect of the associate. No declaration is needed and these payments must be coded to the appropriate Travel FBT taxable account. For exemptions see paragraphs 13.24 and 13.25 of the [FBT General Guide](#).