



Financial and Business Services Division

FBT General Guide

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

GENERAL

- 1 This guide forms the basis for staff reference for Fringe Benefits Tax (FBT). It explains how FBT rules apply to the University. Details about the benefits that are taxable and exempt for FBT purposes and their applicability for Deakin University are explained in this guide and the following supplementary guides about specific FBT-attracting benefits:
 - [Fringe Benefits Tax—Car Benefits](#)
 - [Fringe Benefits Tax—Entertainment/Meal Benefits](#)
 - [Fringe Benefits Tax—Expense Benefits](#)
 - [Fringe Benefits Tax—Housing Benefits](#)
 - [Fringe Benefits Tax—Travel Benefits](#)
- 2 Budget centre heads must ensure that all FBT guides are distributed to appropriate staff within their designated areas. Staff must then read the relevant section(s) and:
 - determine the taxation treatment of the benefit
 - action items as requested (e.g. forward details to FBT Officer, complete the necessary forms, refer to other relevant policies and procedures and FBT guides etc.).
- 3 FBT is paid by the University and the FBT costs are charged to the respective budget centres.

Responsibility for Compliance

- 4 It is the responsibility of budget centres to ensure compliance with the Fringe Benefits Tax policy and procedure and the FBT guides. In the event the University is subject to penalties from the ATO due to non-compliance with FBT legislation, any penalties will be borne by the budget centres. The University must maintain adequate records to enable its FBT liability to be assessed. These records must be kept for five years.

An Expense Declaration must be completed by staff members who are claiming reimbursement of certain business expenses from the University to comply with ATO requirements. Declarations must be kept for a minimum of five years. All declarations are kept by the Financial and Business Services Division.

Fringe Benefits and FBT

- 5 A fringe benefit may be regarded as any form of employee remuneration, other than salary and wages or other payments that are subject to income tax (e.g. termination payments and superannuation).
- 6 FBT is generally payable where:
 - a benefit is provided
 - the benefit is provided in respect of the employment of the employee

- the benefit is provided by the University, an associate of the University (i.e. a related entity) or a third party under an arrangement (as an example, the provision of a motor vehicle by a research partner to a University employee would constitute a fringe benefit under an arrangement with a third party)
- the benefit is provided to an employee or an associate (i.e. partner or relative) of the employee.

(See definitions for explanations of these terms.)

- 7 Some benefits are exempt from FBT (see paragraph 13).
- 8 Under the income tax laws, a benefit that is either a fringe benefit or an exempt fringe benefit is not taxable income to the employee.
- 9 The University is required to record the 'grossed-up' taxable value of certain fringe benefits on the payment summary of any employee who receives relevant benefits with a total taxable value exceeding \$2,000. Effective 1 April 2006 the grossed-up taxable value is the taxable value of reportable fringe benefits¹ multiplied by a gross-up factor of 1.8692.
- 10 Excluded reportable fringe benefits include the provision of meal entertainment (see [Fringe Benefits Tax—Entertainment/Meal Benefits guide](#)).
- 11 For further general information on FBT features, including current rates and payment dates, see the Deakin FBSD website.

Purchase Orders for FBT-liable Items

- 12 Purchase requisitions are **not** to be raised where a fringe benefit may exist for the following payment items:
- 12.1 subscriptions to professional organisations—the Otherwise Deductible Rule (see [definitions](#)) may be applicable for these benefits
 - 12.2 reimbursement of general service fees or HECS
 - 12.3 reimbursement of private telephone charges.

Exempt Benefits

- 13 The following is a non-exhaustive list of benefits that are exempt from FBT. This list is brief and where doubt exists further details may need to be obtained.
- 13.1 employment-related items such as those listed below (The exemption will only apply where the items are used **primarily for work purposes** and any private use is merely incidental to their employment use. The exemption is limited to one item of each type per employee, per FBT year unless it is a replacement item. Where the benefit is provided to an associate of the employee eg. partner no exemption exists.)
- laptops²
 - electronic diaries and personal digital assistants

¹ **Reportable fringe benefits:** Whilst they are not included in assessable income and do not effect the amount of standard Medicare levy, reportable fringe benefits are used in certain income tests. They can affect the employee's entitlement to certain income tested deductions and government payments. They can also affect HECS repayments, the amount of child support payable and Medicare levy surcharge of an affected employee. The extent of any effect should be addressed with a staff member's personal accountant or tax adviser.

² **Laptops:** Each payment application for a laptop must be supported with a detailed explanation as to the reason for providing a laptop and also how it will be used primarily in relation to an employee's work responsibilities at Deakin University. This requirement is a result of the changes made to the tax laws announced in the 2008 Federal Budget and may change as more information comes to hand from the ATO.

- a notebook or similar portable computer including a portable printer
 - mobile phones and car phones
 - computer software
 - briefcases
 - protective work clothing
 - calculators
 - tools of trade (generally confined to hand tools)
- 13.2 reimbursements to staff of educational fees associated with approved staff development programs
- 13.3 provision of certain membership fees and subscriptions, such as
- an entitlement to use a corporate credit card
 - an entitlement to use an airport lounge membership
 - a subscription to a trade or professional journal
- 13.4 minor benefits of small value (e.g. Christmas gift to staff), provided they are infrequent or irregular and have a value of less than \$300
- 13.5 morning and afternoon teas and light lunches (no alcohol) provided to employees during working hours and consumed on University premises. This includes working lunches at all Deakin University on-campus restaurants/cafes or catered for by on-campus or external caterers, consisting of a two-course meal or less (no alcohol) as well as the meal types listed in the [Fringe Benefits Tax—Entertainment/Meals Benefits guide](#). This expenditure is not entertainment and should be coded to account 6901 Catering/Meals.
- 13.6 benefits provided to persons other than employees (see definitions): e.g. students
- 13.7 seminar and conference attendance
- 13.8 property consumed by an employee on work premises (excluding entertainment): e. g. private telephone calls
- 13.9 childcare facilities provided to employees' children on the business premises of the University
- 13.10 long-service awards, recognising service as an employee of at least 15 years (up to \$500 plus \$50 per year of service over 15 years—if over this limit, all is subject to FBT)
- 13.11 safety-award benefits, where the taxable value is less than \$200 per employee
- 13.12 medical examination benefits, including associated travel costs, for work-related medical examinations or medical screening
- 13.13 health benefits, including associated travel costs, for work-related preventative health care
- 13.14 counselling benefits, including associated travel costs, for work-related counselling for a purpose related to the performance of the employees duties or the preparation of the employee for retirement
- 13.15 medical treatment—travel, meals and accommodation en route to obtain medical treatment, where the employee is performing duties at an overseas employment place (generally a developing country)
- 13.16 in-house health-care facilities
- 13.17 workers compensation benefits
- 13.18 tea or coffee-making facilities such as cups, saucers, coffee/tea makers
- 13.19 newspapers and periodicals used for business purposes
- 13.20 superannuation benefits

- 13.21 exempt wages—benefits provided to employees whose salary and wages are exempt from income tax in Australia
- 13.22 car expenses reimbursed per kilometre by the employee (these are included as assessable income in the hands of the employee and simultaneous deductions are allowed against this income)
- 13.23 living away from home allowance (LAFHA) - reasonable accommodation expenses and food costs (above the statutory rate up to the limit of the reasonable food component) provided to an employee whilst the employee is living away from home to perform employment duties. A LAFHA declaration must be completed. Further information including the declaration can be obtained from the Human Resources Services Division.
- 13.24 relocation benefits associated with the relocation of an employee and their family, being:
- removal and storage of household effects
 - incidental costs associated with the sale or purchase of a dwelling (subject to certain conditions such as the requirement that the employee owned a dwelling at the former location of employment)
 - connection or reconnection of telephone, electricity and gas
 - travel, and/or accommodation and meals en route
 - leasing of household goods whilst living away from home
 - temporary accommodation and, in certain circumstances, meals provided at the former location and the new location
- 13.25 if the employee has been posted overseas:
- 50% of the cost of one return holiday transport benefit per year for the employee and their family
 - there is no FBT on the cost to the employer of children's education
- 13.26 education costs of employees whose usual place of residence is in a particular country, but who are required to live outside that country to perform their employment duties
- 13.27 travel costs in relation to a current or future employee attending a job interview or selection test.

FBT Codes

- 14 Specific fringe benefit expenditure codes exist in the Deakin Financial Management System (DFMS) for the purposes of allocating such expenditure in the general ledger. These codes end their description with the words '- FBT Taxable'. Staff should use these FBT codes when necessary in the following situations:
- when raising purchase requisitions
 - when completing necessary forms (e.g. [Entertainment Expense Reimbursement Voucher](#), [Entertainment Expense Declaration](#), [Staff Expense Reimbursement Voucher](#), [Expense Payment Benefit Declarations](#), [Petty Cash Voucher](#), [Credit card](#) etc.)
 - when completing corporate credit card transaction documentation, including journals
 - when completing journal corrections for expenditure previously incorrectly coded
 - when requested to do so by an officer of Financial and Business Services Division.
- 15 The following is a list of the DFMS FBT codes:
- 6269 Telephone/Internet - FBT Taxable
 - 6719 O S P Leave - FBT Taxable
 - 6725 Staff Awards & Benefits - FBT Taxable

- 6732 Staff Development & Training - FBT Taxable but GST Free
 - 6733 Staff Development & Training - FBT Taxable
 - 6906 Entertainment Expenses - FBT Taxable
 - 6920 Travel - Domestic - FBT Taxable
 - 6921 Travel – Overseas – FBT Taxable
 - 7944 CWIP—Entertainment Expenses—FBT Taxable.
- 16 FBT charges are applied monthly by way of journal charges on expenditure balances that are subject to FBT. FBT charges for certain expenditure (e.g. e-tags) may not necessarily be posted monthly owing to collection of actual costs from external suppliers. More information see [FBT Charges](#)

Residual Benefits

- 17 A residual benefit is any benefit that does not fall within the other sections of the FBT legislation which have been discussed above and in the other Fringe Benefits Tax guides (see list in paragraph 1).
- 18 Examples of residual fringe benefits include:
- discounted university fees
 - the private use of a motor vehicle other than a car (e.g. motorcycle or truck)
 - private road toll expenditure (e.g. e-tags)
 - private use, not on the University's premises, of property of the University, such as an employee taking home the University's equipment to use for private purposes (provided it is not an exempt benefit).
- 19 Budget centres are to advise the FBT Officer of the details of these benefits to ensure FBT is appropriately charged and forwarded to the ATO.

Residual Benefits: Taxable Value

- 20 The taxable value of a residual fringe benefit will depend on whether the benefit is an 'in-house' benefit or an 'external' benefit.
- 20.1 An 'in-house' residual fringe benefit is generally one where the University is engaged in a business that normally provides identical or similar goods or services to the public. In such circumstances, the benefit is valued at 75% of the lowest price charged to the public for the same goods or services.
- 20.2 Any residual fringe benefit that does not constitute an in-house residual fringe benefit is an 'external' residual fringe benefit. The taxable value is generally the 'arm's length' cost to the University. The taxable value of the benefit may be reduced in accordance with the Otherwise Deductible Rule.