



2014 FBT News

we look
beyond the
numbers

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Why the ATO is looking closely at you this FBT time

Almost half of all tax collected flows through about 800,000 employers. In an environment where tax revenues are falling, Fringe Benefits Tax (FBT) is of particular interest to regulators. The simple reason is that the ATO can rely on the fact that many employers simply fail to recognise their FBT obligations - it is low hanging fruit, and the ATO is out to pick it, with a planned 2,800 audits and reviews. Here are a few things to watch out for.

iPad vs Laptop...what's the difference?

The answer is not a lot any more. A few years ago the ATO considered that an iPad and a laptop were two different items with different functions. The distinction is important because under FBT law, an employee can for example, salary sacrifice one portable electronic device each year (ending 31st March) FBT free as long as that device is primarily used in their job. So, you could salary sacrifice a laptop and an iPad in the same year FBT free if the laptop and iPad had different functions. If the function is effectively the same, then only one device can be FBT free. Something to watch out for.

Cars & FBT

Every year the ATO tells us what sort of things they're looking out for and they are always interested in cars! Recording odometer readings every 31st March is a good way to ensure you are

maintaining proper records. In addition employers claiming on cars via a log book should ensure that a proper log book has been maintained – must keep for at least 12 weeks every 5 years.

New FBT rate

The FBT gross-up rates and the FBT rate are to increase from 1st April 2014. As a result, employers should review salary packaging arrangements. This will be especially important for employees of organisations that enjoy FBT concessions. Religious practitioners employed by religious institutions will remain unaffected.

In-House Benefits concessions cut back

In the past, employers have been able to provide goods and services to employees free or at a reduced price without FBT. This has resulted in teacher's salary sacrificing school fees, retail staff receiving cheap/free goods, etc. These concessions were removed for arrangements entered into from 22nd October 2012 where they are part of a salary packaging arrangement. The transition period for this change that allowed people with pre 22 October 2012 salary sacrifice agreements to keep receiving the concession, ends on 31 March 2014. This will impact this kind of salary packaging.

But on a positive note

There are still some great opportunities to be FBT savvy. Talk to us about how we can help with salary packaging for you and your staff.

Important: This is not advice. Clients should not act solely on the basis of the material contained in this Bulletin. Items herein are general comments only and do not constitute or convey advice per se. Also, changes in legislation may occur quickly. We therefore recommend that our formal advice be sought before acting in any of the areas. This Bulletin is issued as a helpful guide to clients and for their private information. Therefore it should be regarded as confidential and not be made available to any person without our prior approval.