



FACT SHEET

Providing Benefits other than Wages to Staff

Providing benefits to staff is a popular strategy embraced by employers to secure and retain exceptional staff. While this often comes in the form of cash bonuses and incentives, it is not uncommon for business owners to seek out alternative incentive options that may suit the business better.

A fringe benefit is a non-cash benefit you have provided to staff that is not part of wages and is private in nature.

Common benefits include:

- **Meals & Entertainment:** think Christmas parties, after-work drinks, tickets to events, off-site lunches.
- **Motor Vehicles:** Vehicles that are owned by a business and are available to employees for private use (usually means that they are garaged at employees' homes) – Utes are included as motor vehicles.
- **Payment of Private Expenses:** Gym memberships, private health insurance, phone or internet expenses, gifts over \$300.
- **Loans:** If you have lent employees money without any commercial repayment or interest terms.

These benefits incur a tax, payable by the employer called Fringe Benefits Tax (FBT).

To ensure that your business is meeting its FBT tax obligations, as a starting point, you will want to consider what fringe benefits you've provided to staff during the FBT year, which runs from 1 April through to 31 March.

It is important to note that some benefits are exempt from FBT, so you'll then want to consider any exemptions that may apply to you.

Common exemptions include:

- **Otherwise deductible:** If the employee would have been able to claim a tax deduction had they paid the expense themselves.
- **Portable Electronic Devices:** If the device provided is primarily, i.e., over 50%, used for the purpose of enabling the employee to perform their job (e.g., laptops, mobile phones, iPad).
- **Minor Benefits:** Benefits costing less than \$300 (including GST) per person that are provided on an infrequent and irregular basis (e.g., Christmas parties).
- **Exempt Vehicles:** Vehicles that are not principally designed to carry passengers AND the private use is minor, infrequent, and irregular.
- **Electric Cars:** Subject to strict criteria, whilst the benefit may be exempt from FBT it remains a reportable benefit at employee level and so still requires calculation.

Calculating Fringe Benefits and Lodging Return

Once you have identified all benefits provided and looked for exemptions, it's time to get the paperwork in order.

Benefits provided can be reduced by contributions made by employees in some cases (this may eliminate any FBT liability).



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You'll want to get declarations from employees where you are wanting to rely on an exemption or contributions. The ATO has available [proforma declarations you can use](#). These should be on hand by 21st May.

For motor vehicles that you are wanting to use a log book for calculation of FBT, check that the log book is still valid, including that the same driver applies to the vehicle now as when the log book was first kept.

Once you have all your data, you'll then need to calculate the benefit provided and any FBT payable. You'll then need to lodge a FBT return by 25th June (if lodging electronically with the help of an agent) or 21 May (if lodging on paper or doing it yourself).

Reportable Fringe Benefits

Once you've calculated and paid any FBT you also need to consider whether you need to report the benefits provided on your employee's payment summary.

Some benefits are not reportable on employee's payment summaries, such as car parking and use of pooled cars. You will need to identify any non-reportable benefits.

If the total benefits provided to an individual employee have a taxable value of more than \$2,000 it needs to be reported on that individual's payment summary. Whilst this doesn't affect the tax payable by the employee it is often considered for any income thresholds for government benefits they may receive.

Detailed information on FBT can be found on the [ATO Website](#)

Key Takeaways

- 1 If you provide anything in addition to salary and wages to staff, you need to check whether FBT applies
- 2 You will need to get declarations from staff each year if you are wanting to offset or reduce any benefits provided by relying on exemptions.
- 3 If you provide motor vehicles:
 - a) Ensure you have a private use policy that is adhered to
 - b) Ensure log books are maintained
 - c) Exempt vehicles (vans and utes) are only exempt under strict private use circumstances
- 4 Report benefits provided on employee's payment summaries as part of STP Finalisation.