

FBT: things you should know

The FBT year runs from 1 April to 31 March. FBT is one of those areas that many employers struggle with; not because the tax is complex but because of the level of detail required to fulfil your obligations.

A problem area: Reportable superannuation contributions

Reportable superannuation contributions need to be disclosed on employee payment summaries. The need to report reportable superannuation contributions has been in place since 2010 but it is clear that employers are making mistakes.

Broadly, contributions made by an employer will be captured by these disclosure rules if the employee has had the ability to influence the amount of a super contribution or the manner in which it is contributed. The following are examples of situations in which employers would be required to disclose the contributions on payment summaries:

- Contributions made under an effective salary sacrifice arrangement in excess of the 9% super guarantee amount;
- Contributions in excess of the 9% super guarantee amount that are made in accordance with an employment contract or agreement;
- Contributions that exceed the 9% super guarantee amount and are made to family members who are employed by a family-owned business.

It is important to note that the \$2,000 threshold that normally applies to reporting fringe benefits on payment summaries does not apply to reportable super contributions.

Even though the employee will not be taxed on the amounts reported, they will be taken into account in determining entitlement to certain tax and Centrelink benefits as well as liability for certain tax liabilities such as Medicare levy surcharge.

How do I know if I need to pay FBT?

Here are some key questions you should ask yourself:

- Do you make vehicles owned by the business available to employees for their personal use?
- Do you provide loans at reduced interest rates to employees?
- Have you released an employee from a debt they owed?
- Have you paid for, or reimbursed, an expense incurred by an employee?
- Do you provide a house or unit of accommodation to your employees?
- Do you provide employees allowances for living away from home?
- Do you provide entertainment - food, drink or a form of recreation - to your employees?
- Do any of your employees have a salary package arrangement in place?
- Have you provided your employees with goods at a lower price than they are normally sold to the public?

Answer 'yes' to any of these and you are likely to be caught by FBT.

*We look forward to being of Service – helping you towards
Prosperity & Peace of Mind*

Please do not hesitate to contact us if you would like to review & discuss your current property & tax situation, your asset protection strategy, structuring your next investment property, planning to legally minimise your tax position or just to prepare your next tax return.

We look forward to being of service. We also look forward to your referrals.

To improve our service we welcome all constructive comments on this newsletter and other materials.

For help contact **Shukri Barbara** at Property Tax Specialists at Shukri@propertytaxspecialists.com.au

Disclaimer

The material and contents provided in this publication are informative in nature only. It is not intended to be advice and you should not act specifically on the basis of this information alone. If expert assistance is required, professional advice should be obtained.

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Kind Regards
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