

FBT Year End Planner

Not-for-profit organisations

April 2023

Snapshot for the FBT year ended 31 March 2023

FBT rate: 47%

Benchmark interest rate: 4.52%

Car parking threshold: \$9.72

Record-keeping exemption: \$9,181

FBT return is due by 22 May 2023, or by 26 June 2023 if lodged electronically through your tax agent.

Reminder why FBT exists

Fringe Benefits Tax is a tax levied on employers for certain non-cash benefits provided to employees and related parties. FBT exists to prevent tax leakage from businesses deducting the cost of providing those benefits but income tax is not collected on the employee side.

Main types of fringe benefits

Cars	Housing
Car parking	Living away from home allowance (LAFHA)
Meal entertainment	General property or residual
Loans	

Concessional treatment for NFPs

For purpose organisations can struggle to compete against for-profit businesses for good-quality people. Accordingly, the concessional FBT treatment afforded for purpose organisations help them attract and retain staff by enabling them to provide some benefits without an FBT impost or a reduced one. This means they can provide comparatively more benefits to staff and/or offer more attractive salary-packaging options.

NFP employer categories

There are two categories of for purpose (NFP) organisations that enjoy concessional FBT treatment:

- FBT-exempt employers
- FBT-rebatable employers

FBT-exempt employers include hospitals, public ambulance services, public benevolent institutions (PBI) and health promotion charities. They can provide fringe benefits without incurring an FBT liability (up to a cap).

FBT-rebatable employers include non-government, non-profit organisations. Fringe benefits they provide initially incur the normal amount of FBT liability, which is then reduced by a 47% rebate (up to a cap).

Capping thresholds for the 2023 FBT year

The below employers can provide fringe benefits that are respectively exempt or eligible for a rebate, up to the following caps per individual employee:

Type of Employer	Grossed-up taxable value (per employee)	Non-grossed-up taxable value equivalent (Type 1)	Non-grossed-up taxable value equivalent (Type 2)
FBT-exempt employers			
Hospitals and Public Ambulance Services	\$17,000	\$8,172	\$9,009
PBI's and Health Promotion Charities	\$30,000	\$14,421	\$15,899
FBT-Rebatable Employers	\$30,000	\$14,421	\$15,899

The above concessional treatment is available for any kind of fringe benefit provided. They do not have to be provided as part of a formal salary-packaging arrangement, but often are a part of attracting good-quality employees. For example:

- A PBI could pay \$15,899 worth of an employee's home mortgage repayments (Type 2 benefit) under a salary-sacrifice arrangement, and incur no FBT. For the employee, the effect of this is the same as getting a tax deduction for those mortgage repayments.
- A rebatable school could provide a \$70,000 petrol car to an employee (Type 1 benefit), which is used 100% for private use, and, after the rebate, incur annual FBT of about \$7,200. This is around half of what a business employer would pay. Accordingly, the school can offer the car as a more attractive salary-packaging option. An employee contribution to reduce the FBT impost or an electric vehicle can produce an ever better outcome for both parties.

Full FBT will apply to any excess above the relevant cap provided to an individual employee. Please note that car parking benefits or employer-provided entertainment are subject to their own caps. Salary-packaged entertainment is reportable on the employee's Payment Summary. It is important to be aware that the rebate is not apportionable, therefore if an employee begins with the employer on 1 January 2023 they are entitled to the full rebate.

However, if an employee doesn't use their full cap, they are unable to carry it forward any balance, and the employer cannot apply the excess cap to other employees.

Salary-packaged meal entertainment, etc

NFP employers can also provide exempt salary-packaged meal entertainment and entertainment facility leasing benefits up to the following caps:

Type of Employer	Grossed-up taxable value (per employee)	Non-grossed-up taxable value equivalent (Type 1)	Non-grossed-up taxable value equivalent (Type 2)
FBT- exempt employers			
Hospitals and Public Ambulance Services	\$5,000	\$2,403	\$2,649
PBI's and Health Promotion Charities	\$5,000	\$2,403	\$2,649
FBT- Rebatable Employers	\$5,000	\$2,403	\$2,649

Full FBT will apply to any excess above the cap provided to an individual employee. Note that this exemption applies only where the benefits form part of a salary-packaging arrangement, but the above caps are *in addition* to the further above capping thresholds for fringe benefits generally.

Examples of salary packaged meal entertainment include:

- Venue hire when you have exclusive use of premises, excludes members of the general public entering (separate room / distinct area of a larger space)
- Holiday accommodation i.e hotels (no travel costs)
- Meals (café, restaurant, hotel) that are for 2 or more people

Important to note that it doesn't include take away food, groceries or travel costs to accommodation.

Religious-denominated schools

A private school registered as a religious institution employing a religious practitioner principally for pastoral duties and/or teaching religion can provide an unlimited quantity of fringe benefits to that employee that are fully exempt from FBT.

Car parking

Registered charities, scientific institutions and public educational institutions are exempt from FBT when providing car parking fringe benefits.

Some general exemptions from FBT

In addition to the above concessions for NFPs, these fringe benefits are exempt for all employers generally:

Portable electronic device, where primarily used for employment. One per year, per employee. Eg, Laptop, tablet, Surface Pro, mobile phone unless it is a replacement item.

Minor benefits, where infrequent and irregular benefits provided are less than \$300 GST inclusive (excluding meal entertainment for income tax-exempt organisations).

Otherwise deductible expenses, where the employee would normally be able to claim an income tax deduction for the benefit provided.

Electric Vehicles, from 1 July 2022, employers won't pay FBT on eligible electric cars and associated car expenses if all of the following conditions are met;

- The car is a "zero or low emissions vehicle"
- The first time the car is both held and used is on or after 1 July 2022, and
- Luxury car tax has never been payable on the importation or sale of the car.

It is important to note that whilst the Electric Vehicle will be exempt from FBT, it will be reportable on the employee's PAYG payment summary.

See our article [FBT-exempt electric cars - For Employers](#), for more details.

When a salary sacrifice arrangement is effective, and when it isn't

Key word: **prospective**. That is, you can arrange to sacrifice future salary, but not retrospectively adjust for salary already earned.

Reportable fringe benefits

Where the taxable value is greater than \$2,000, the grossed-up amount of certain fringe benefits is reported on an employee's PAYG payment summary. Although the employee does not pay income tax on that amount, it factors into calculating various means-tested benefits such as:

- Liability to the Medicare levy surcharge
- Child support payments and benefits
- Recovery of HELP debt (previously known as HECS)
- Income tests for youth allowance, family tax benefit and childcare benefit
- Personal and spouse's super contribution rebate

Where the benefits provided by a NFP to an employee are below the various exemption thresholds above, they do not have to be reported.

Think about the possibilities in your organisation...

As you work through your 2023 FBT compliance, think about the possibilities in your organisation for next year. Talk to your trusted Nexia advisor about how we can help you better manage the provision of benefits, and get the best outcomes for you and your employees.



Australia

Adelaide Office

p +61 8 8139 1111, receptionSA@nexiaem.com.au
Level 3, 153 Flinders Street, Adelaide SA 5000

Brisbane Office

p +61 7 3229 2022, email@nexiabrisbane.com.au
Level 28, 10 Eagle Street, Brisbane QLD 4000

Canberra Office

p +61 2 6279 5400, mail@nexiacanberra.com.au
Level 5, 17 Moore Street, Canberra ACT 2601

Darwin Office

p +61 8 8981 5585, receptionNT@nexiaem.com.au
Level 2, 80 Mitchell Street, Darwin NT 0800

Melbourne Office

p +61 3 8613 8888, info@nexiamelbourne.com.au
Level 35, 600 Bourke Street, Melbourne VIC 3000

Perth Office

p +61 8 9463 2463, info@nexiaperth.com.au
Level 3, 88 William Street, Perth WA 6000

Sydney Office

p +61 2 9251 4600, info@nexiasydney.com.au
Level 16, 1 Market Street, Sydney NSW 2000

New Zealand

Auckland Office

p +64 9 414 5444, albany@nexiaauckland.co.nz
Level 1, 5 William Laurie Place, Albany, Auckland 0632

Christchurch Office

p +64 3 379 0829, office@nexiachch.co.nz
Level 4, 123 Victoria Street, Christchurch, 8013

www.nexia.com.au

The material contained in this publication is for general information purposes only and does not constitute professional advice or recommendation from Nexia Australia. Specific professional advice which takes into account your particular situation or circumstance should be obtained by contacting your Nexia Advisor.

Nexia Australia refers to the Nexia Australia Pty Ltd Umbrella Group comprising separate independent Chartered Accounting firms. Nexia Australia Pty Ltd is a member of Nexia International, a leading, global network of independent accounting and consulting firms. For more information please see www.nexia.com.au/Legal. Neither Nexia International nor Nexia Australia Pty Ltd provide services to clients. Liability limited under a scheme approved under Professional Standards Legislation.