



## December 2017

***With the 2018 FBT year-end just around the corner, we wanted to share with you our insights on current FBT issues, highlight the key ATO areas of concern and update you on key FBT rate changes for 2018.***

### Key 2018 rates, dates and thresholds

The FBT rate has reduced from 49% to 47% for the year ending 31 March 2018 to reflect the removal of the Temporary Budget Repair Levy. The 2017/18 FBT year will also see the FBT gross up rates reduced. All of the key rate changes for the 2017/18 FBT year are as follows:

FBT Rate Type	2017	2018
FBT rate	49%	47%
Type 1 gross up rate	2.1463	2.0802
Type 2 gross up rate	1.9608	1.8868
Gross up for RFB's	1.9608	1.8868
FBT rebate	49% capped at \$31,177 grossed up	47% capped at \$30,000 grossed up
Car parking daily threshold	\$8.48 @ 1 April 2016	\$8.66 @ 1 April 2017
Statutory interest rate	5.65%	5.25%
LAFH weekly reasonable food	\$242	\$247

### 2018 lodgement and payment due dates

The 2018 FBT lodgement and payment date is **21 May 2018**. However, employers included on a tax agent list by 21 May 2018 will be eligible for a one-week payment extension date to **28 May 2018** and a lodgement extension date to **25 June 2018**.

### New concession for employers with fleet vehicles

In late 2016 the ATO announced a concession for FBT record-keeping in relation to logbooks held by employees driving fleet vehicles. The ATO have accepted that employers may use an 'average business use percentage' by taking the average of the valid logbook percentages for each car in the fleet, provided that at least 75% of the cars in the fleet have a valid logbook.

There are a number of requirements in order to access this FBT concession:

- The average business use percentage can be used for a period of five years in respect of the fleet – including replacement and new cars, provided that the fleet remains at 20 cars or more;
- The cars are 'tool of trade cars' – e.g. cars used for a predominant business purpose;
- The employees are mandated to maintain logbooks in a logbook year;
- At least 75% of the cars have valid logbook maintained by the employer;
- The cars are of a make and model chosen by the employer, rather than the employee (or the employee has a choice of a limited range of cars);
- Each car in the fleet has a GST-inclusive value less than the luxury car limit applicable at the time the car was acquired (currently \$57,581 excl. GST); and
- The cars are not provided as part of the employee's remuneration package (i.e. not salary packaged or as part of remuneration).

This new concession may also be used as a basis for determining each relevant employee's reportable fringe benefits amount.

Employers should consider whether they qualify for the simplified record keeping concession in light of the above requirements and compare to actual logbook work-related percentages recorded by employees to determine whether an average percentage is more favourable.

## ATO focus on luxury cars

FBT reporting on car fringe benefits is always a focus area for the ATO, however employers providing luxury vehicles to employees will attract particular attention. There are a number of issues that may arise when providing a luxury vehicle to an employee:

- *Whether the vehicle is an exempt vehicle for FBT purposes:* FBT can be avoided where the vehicle falls within the definition of an exempt vehicle. There is a wide misconception that any Utility vehicle, SUV or vehicle with the employer's logo or signage would qualify as an exempt vehicle, however the actual design specifications of each vehicle provided to employees should be considered to determine whether it qualifies for an exemption;
- *Whether private use of the vehicle is limited:* In addition to the above requirement, the provision of the vehicle is only FBT exempt if the private use of the vehicle during the year is limited to 'minor, infrequent or irregular' use (other than travel between home and work). Private use after hours including the weekends would therefore compromise the ability to claim exemption.

## New safe harbour rules for private use of work related vehicles due any day

The ATO is about to release new safe harbour rules for certain private use of work related vehicles. As noted in the previous topic, the criteria for claiming FBT exemption for private use of these vehicles is extremely strict. The purpose of the new safe harbour rules is to align the FBT treatment with commercial realities and mitigate risk for employers.

We understand from the ATO that the release is due out before Christmas.

\*\*\*\*\*

## Next month on FBT Talk

In our January issue of FBT Talk, we will be discussing:

1. FBT & Travel Expenses
2. Uber Travel v Taxi Travel and the FBT implications
3. FBT & Car Parking – rewrite of TR96/26 – what can we expect?
4. Reimbursement of employee car parking expenses v provision of parking – is there a difference?

**If you are looking for FBT assistance, FBT Solutions is Australia's only dedicated FBT practice offering end-to-end FBT and Salary Packaging services including:**

- **FBT Return Outsource and Lodgement**
- **FBT Return Review and Lodgement**
- **FBT and Salary Packaging Advisory and Consulting**
- **Managing FBT Audits**
- **Car Parking Valuation**
- **Automated Logbook and Car Parking Register**
- **Training on FBT and Salary Packaging**
- **Salary Packaging Outsource**

**If you wish to discuss anything further in relation to FBT, please reach out to our office on 02 8079 2924 or contact Paul directly at [paul.mather@fbtsolutions.com.au](mailto:paul.mather@fbtsolutions.com.au).**