

2023 FBT Season Kick Off

with Paul Mather

Paul Mather has over 25 years FBT and Salary Packaging experience including 10 years Big 4 and 12 years operating own practice FBT Salary Packaging Solutions.

He has prepared, reviewed, lodged thousands of FBT returns and delivered hundreds of FBT & Salary Packaging training sessions, and has worked with businesses from SME's, Large Corporates, Government and Not for Profits across all Industry sectors.

Paul assists employers with:

1. Navigating ATO Employer Obligations and FBT audits, Payroll Tax audits
2. Day to day consulting and advisory
3. FBT reviews and implementation of benefits, policies and expense systems
4. Salary packaging implementation
5. Car Parking valuation, Logbook Solutions and Fleet Reviews

Paul is a current member of the ATO's FBT Stakeholder Group (since 2005).

Disclaimer

The contents of this training are for general information only. They are not intended as professional advice, for this you should consult a suitably qualified accountant or other professional. We expressly disclaim all liability for any loss or damage arising from reliance upon any information in this training.

Recap from 2022...

1. August – 2022 Key FBT Learnings, Electric Vehicles and Car Parking
2. September – Small Business FBT Audits and Salary Packaging Motor Vehicles
3. October - Recruitment Strategies: FBT Exemptions and Salary Packaging
4. November - Entertainment

All webinar recordings are available here:

Access all recordings: <https://fbtsolutions.com.au/fbt-talk/>

The 2023 FBT season will be here before we know it!

To help get you and your colleagues on the front foot, register for our first LET'S TALK FBT & SALARY PACKAGING webinar for 2023, on Tuesday 31 January - where we look ahead to the 2023 FBT Reporting season..

In this webinar we will discuss:

1. Key pointers to preparing your 2023 FBT return
2. An overview of the changes that will impact the 2023 FBT return
3. An update on ATO FBT and Salary Packaging compliance
4. The key Salary Packaging opportunities to consider for 2023

Access all recordings: <https://fbtsolutions.com.au/fbt-talk/>

2023 FBT RETURN

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www.easyastaxfinder.com.au

31 January 2023

FBT Rates and Thresholds

	2023	2022	2021
FBT Rate	47%	47%	47%
Type 1 Gross Up	2.0802	2.0802	2.0802
Type 2 Gross Up	1.8868	1.8868	1.8868
FBT Rebate	47%	47%	47%
Statutory Interest Rate	4.52%	4.52%	4.80%
Car Parking threshold	\$9.72	\$9.25	\$9.15
Reportable Fringe Benefits: Threshold for reporting on income statements or payment summaries	More than \$2,000	More than \$2,000	More than \$2,000

Key FBT Learnings – the Big 4

Entertainment, Relocations / Mobility, Motor Vehicles and Car Parking...

- Accounting processes for Entertainment
- Intended valuation method for Meal Entertainment
- Relocations / People on the move permanently or temporarily, Travel v LAFH
- Cars - Use of Operating Cost Method
- Cars / Non-Cars – Claiming exemption
- Car Parking locations & records

Key FBT Learnings – errors & oversights

1. Tool of trade and Work-related vehicles
2. Visa renewals
3. Permanent residency applications
4. Health insurance
5. Temporary accommodation / accommodation for overseas employees living and working in Australia on a temporary basis
6. Failure to recognise Car Parking benefits
7. Third party benefits – employee rewards
8. Relocation costs – proper analysis required
9. Pooled or Shared Cars – understanding the RFB exclusion
10. Entertainment classification incorrect and claiming exemptions when not entitled
11. Meal Entertainment v Sustenance

Fringe benefit categories – 13 in total

Benefit category

- ▶ Car fringe benefits – SFM
- ▶ Car fringe benefits – OCM
- ▶ Debt waiver fringe benefits
- ▶ Loan fringe benefits
- ▶ Expense payment fringe benefits
- ▶ Housing fringe benefits
- ▶ Living Away From Home Allowance

Data source

- ▶ Fleet report, Internal / External, Assets
- ▶ Fleet report , Internal / External, Assets
- ▶ Finance / Legal?
- ▶ Finance?
- ▶ GL / Expense system
- ▶ Finance?
- ▶ Payroll

Where's the data when I need it?

Fringe benefit categories – 13 in total

Benefit category

Data source

- ▶ Board fringe benefits
- ▶ Meal entertainment fringe benefits
- ▶ Tax exempt body entertainment
- ▶ Car parking fringe benefits
- ▶ Property fringe benefits
- ▶ Residual fringe benefits

- ▶ HR?
- ▶ GL / Expense system
- ▶ GL / Expense system
- ▶ Facilities or Building Manager?
- ▶ GL / Expense system
- ▶ GL / Expense system

Key disclosures on the FBT Return Form

23 Details of fringe benefits provided

Type of benefits provided (1 April 2021 to 31 March 2022)	Number	WHOLE DOLLARS ONLY			
		Gross taxable value (a)	Employee contribution (b)	Value of reductions (c)	Taxable value of benefits (a) – (b) – (c)
Cars using the statutory formula	A				
Cars using the operating cost method	B				
Loans granted	C				
Debt waiver	D				
Expense payments	E				
Housing – units of accommodation provided	F				
Employees receiving living-away-from-home allowance (show total paid including exempt components)	G				
Board	J				
Property	K				
Income tax exempt body – entertainment	L				
Other benefits (residual)	M				
Car parking	N				
Meal entertainment	P				

A&B are for cars only

G is only for Living Away from Home Allowances. Even if the LAFHA is exempt, should still be disclosed and reduction applied

Other Living Away From Home benefits should be reported at E (reimbursements) or M (direct provision)

L is only for entertainment provided by an Income Tax Exempt Body

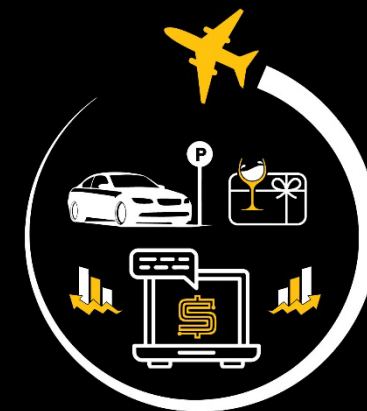
M – report Non-Cars and Entertainment Facility Leasing Expense benefits

N – only report car parking provided by the employer (reimbursed car parking may need to be reported at E)

P is only for Meal Entertainment and associated costs

ELECTRIC VEHICLES

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Let's Talk
FBT & SALARY
PACKAGING

Electric Vehicles

- **Draft Practical Compliance Guideline**
Electric vehicle home-charging rate: calculating electricity costs when charging a zero or low-emission vehicle at an employee's or individual's home
- **Purpose**
This draft Guideline will provide a methodology to enable users of electric vehicles to determine an approximate cost for the electricity when charging an electric vehicle at home.
- Expected completion date - February 2023

- ATO Fact Sheet due out soon
- Draft ATO PCG due out February and finalized April

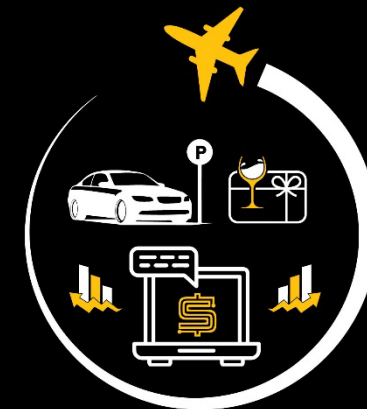
- Key areas of uncertainty:
 1. Home charging costs
 2. Charging equipment
 3. Battery replacement
 4. Road User Charges

Key areas of certainty:

1. No exclusion for Reportable Fringe Benefits (even when FBT exemption applies) unless Pooled or Shared Car exclusion applies
2. Novated Leasing arrangements – unlikely that Pooled or Shared Car exclusion can apply
3. Exemption only applies to Cars – does not apply to Over 1 tonne

CAR PARKING, NEW RULES, HEADACHE WARNING!

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Let's Talk
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PACKAGING

Car Parking

- **Purpose 1**

Following the decision by the Full Federal Court in *Commissioner of Taxation v Virgin Australia Regional Airlines Pty Ltd* [2021] FCAFC 209, Taxation Ruling TR 2021/2 will be amended to confirm the Commissioner's views on the meaning of 'primary place of employment' for the purposes of the car parking benefit provisions in the *Fringe Benefits Tax Assessment Act 1986*.

- Expected completion - February 2023

- **Purpose 2**

The draft update to Chapter 16 – Car parking fringe benefits will be finalised to provide practical guidance on the application of the car parking FBT law, including the meanings of 'commercial parking station' and 'primary place of employment', to complement Taxation Ruling TR 2021/2.

- Expected completion date - April 2023

FBT 2023 is nearly upon us – now is not the time to “park” this issue and obligation

- If it looks like a car park and smells like a car park – then it’s probably a commercial car parking station.
- From 1 April 2022 the ATO have levelled the definition of commercial car parking to include shopping centre car parks....hospital car parks and university car parks
- With important changes to the Car Parking FBT rules applying from 1 April 2022, it is vital that you consider the changes and impact on your business for the 31 March 2023 FBT year and beyond – there may be upside or downside – you won’t know until you assess the impact.

TR 2021/2 provides that employers are required to determine and reasonably conclude whether a car parking facility is a ‘commercial car parking facility’ by applying the following tests:

- If a car parking facility is run by a **car parking operator**, that facility is to be considered to be a ‘commercial car parking facility’ for FBT purposes.

Where a parking facility is not managed by a car parking operator, TR 2021/2 states that it may be a commercial car parking facility if it displays **2 or more** of the following characteristics:

- it has clear signage visible from the street advertising that paid parking is available
- it has mechanisms to control who can enter and/or exit, or park at the facility, such as boom gates, or “pay and display” ticketing machines
- it charges more than a nominal fee for paid parking, for example charging for parking which is not all-day parking.

CAR PARKING FBT HOT SPOTS – ARE YOU LIABLE TO FBT?

WESTERN AUSTRALIA		NORTHERN TERRITORY		QUEENSLAND	
• Perth	• Mount Pleasant	• Darwin		• Brisbane	• Hamilton
• Perth Airport	• Nedlands	• Darwin Airport		• Brisbane Airport	• Milton
• East Perth	• South Perth			• Broadbeach	• South Brisbane
• Fremantle	• Subiaco			• Cairns	• Southport
• Leederville	• West Perth			• Eagle Farm	• Spring Hill
				• Fortitude Valley	• Sunshine Coast Airport
				• Gold Coast	• Surfers Paradise
				• Gold Coast Airport	• Townsville Airport
VICTORIA				NEW SOUTH WALES	
• Melbourne	• East Melbourne			• Sydney	• McMahons Point
• Melbourne Airport	• Fitzroy			• Sydney Airport	• Milsons Point
• Abbotsford	• Geelong			• Alexandria	• Newcastle
• Bendigo	• Prahan			• Bondi Junction	• Newcastle Airport
• Box Hill	• Richmond			• Botany	• North Ryde
• Carlton	• Southbank			• Brookvale	• North Sydney
• Collingwood	• South Melbourne			• Chatswood	• Olympic Park
• Dandenong	• South Yarra			• Crows Nest	• Parramatta
• Docklands				• Darlinghurst	• Pyrmont
SOUTH AUSTRALIA		TASMANIA		• Dawes Point	• Rhodes
• Adelaide		• Hobart		• Gosford	• St Leonards
• Adelaide Airport		• Hobart Airport		• Haymarket	• Surry Hills
• North Adelaide		• Launceston		• Homebush	• Ultimo
				• Hurstville	• Waratah
				• Liverpool	• Waterloo
				• Macquarie Park	• Wollongong
				AUSTRALIAN CAPITAL TERRITORY	
				• Canberra	• Civic
				• Canberra Airport	• Greenway
				• Barton	• Kingston
				• Braddon	

But wait, there's more, much more in fact

Car Parking FBT Hotspots for 2023

Australia has over:

- ▶ **1,100 Shopping Centres with car parks**
- ▶ **300 Airports with car parks**
- ▶ **1,000 other car parks run by Councils and other organisations**
- ▶ **1,500 commercially operated parking stations**

Questions



Are you an accounting / professional services firm?

Are you based in a Remote Area?

- Do you offer / provide Remote Area benefits (Housing / Rental / Utilities / Holiday transport) to your employees?
- Do you know of other accounting / professional services firms that offer / provide Remote Area benefits to their employees?
- Do you know if Banks in your local remote area offer / provide Remote Area benefits to their employees?

Why the questions?

We are assessing the Customary in the Industry test for a number of accounting firm clients.

\$1 Billion FBT Gap

Who's gonna close the gap?

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30 November 2022

Recent FBT Stakeholder Group meeting

- 900,000 active employers – 80% have tax practitioners, 12% (108,000) registered for FBT, 50% (54,000) are small business
- Therefore, majority (88% - 792,000) are not registered, some validly, others are not meeting their obligations
- \$1 billion FBT gap (22% gap) is an “**eye-brow raising**” gap – the % is the concern
- The ATO want tax agents / practitioners to add a **FBT Service Line** and actively market to clients
- Time to become an empowered **FBT Guru**

- **2023 is the year to add “FBT Service Line” to your services and clients offerings...**
- **Why add a FBT Service Line?**
- **Empowering you / your firm to identify, offer and deliver FBT Services**

- **2023 is the year to add “FBT Service Line” to your services and clients offerings...**
- **Why add a FBT Service Line?**
 1. If you have clients who employ people, then your client will likely have FBT obligations
 2. You already know your clients and their businesses well
 3. Easier to sell to your existing client base
 4. You probably already have great visibility on their financial data and transactions
 5. There are Income Tax and GST implications in relation to certain fringe benefits that should be addressed – in particular Luxury Motor Vehicles, Employee Contributions and Entertainment
 6. There are many myths and misunderstanding around FBT, and in particular the rules for claiming exemption on Work Related / Tool of Trade Vehicles
 7. An FBT Service offering is really “low hanging fruit” revenue
 8. Too many Accountants and Employers think FBT is mainly Cars and Entertainment – the FBT law contains 13 defined fringe benefit categories

- **2023 is the year to add “FBT Service Line” to your services and clients offerings...**
- **Why add a FBT Service Line?**
 1. Electric Vehicles and the New FBT Exemption is a hot topic – now is the time to engage with your clients
 2. FBT Services range from Compliance, to Advisory through to many Opportunities
 3. The ATO are encouraging Tax Practitioners to engage with their clients on FBT
 4. The ATO are conducting **Small Business FBT Audits as part of their goal to close the \$1billion FBT gap – time to get on the front foot with your clients**
 5. The low hanging fruit in FBT Audits is Motor Vehicles. The ATO are data matching motor vehicles registered in business names with ATO records – those businesses that are not registered for FBT (nearly 800,000 small businesses – see further below) may be contacted by the ATO to please explain – Tax Practitioners should act before the ATO commence an FBT Audit; and
 6. The FBT law provides many exemptions and concessions that your clients can access either directly or via salary packaging – there are a wide range of Advisory and Opportunity areas to discuss with your clients

Want to find out more about FBT Service Line?

- Click on the link below and complete the short questionnaire
- We will then be in touch with you to assess if FBT Service Line will work for you and your clients
- No obligation

<https://form.jotform.com/230072735376860>

SALARY PACKAGING

Circling back on Relocation Exemptions and Equilease

Permanent Relocation – Exemption for Incidental Costs relating to Home Sale and Home Purchase

The relocation exemptions exist in the FBT law to support employers financially when an employee is required to relocate to continue or commence employment. Often employers will support an employees relocation up to a certain dollar amount. Any additional relocation costs can be salary packaged at no additional cost to the employer – there is often Payroll Tax savings for the employer.

Key Assumptions

1. Annual Salary \$150k (Superannuation ignored in calculation)
2. Brisbane home sold within 2 years of relocation
3. Canberra home purchased within 4 years of relocation (employee occupies as her residence, ie not an investment property)
4. Estimated Incidental costs on sale (Agency Costs, Styling / Cleaning, Legal Costs, other Misc) \$38,700 incl. GST
5. Estimated Incidental costs on purchase (Stamp Duty, Legal Costs, other Misc) \$62,000 incl. GST
6. The calculations assumes both sale and purchase occur in the same income year
7. The calculations assume that the salary packaging process is completed within an income year (often the salary packaging occurs over a longer period – the outcomes are similar)

The combined power of FBT Exemptions and Salary Packaging

Employee salary packaging - Permanent Relocation Brisbane to Canberra		
Benefits	GST Inclusive	GST Exclusive
Incidental costs of sale - Brisbane	38,700.00	35,181.82
Incidental costs of purchase - Canberra	62,000.00	56,363.64
Net to package	100,700.00	91,545.45
Annual Salary - Exclude Super	\$ 150,000.00	
	(Option1) No Salary Packaging	(Option 2) Salary Packaging
Annual Salary - Exclude Super	150,000.00	150,000.00
Salary Sacrificed Relocation Costs	-	(91,545.45)
Taxable Income	150,000.00	58,454.55
Income Tax	(40,567.00)	(9,464.73)
Net	109,433.00	48,989.82
Incidental costs of sale - Brisbane	(38,700.00)	
Incidental costs of purchase - Canberra	(62,000.00)	-
Employee financial position	8,733.00	48,989.82
Employee Savings		40,256.82
Employee Savings - breakdown	Employee Income Tax Saving	31,102.27
	Employee GST Saving	9,154.55
		40,256.82
Total Employer Cost	150,000.00	150,000.00
Employer Payroll Tax Saving		4,577.27

Net amount to Salary Package

Employee Non Deductible Cost

Employee Reimbursement Amount

Employer GST Claim

Key Outcomes

Employee savings total \$44,106.82 represented by \$34,952.27 Income Tax Savings and \$9,154.55 GST Savings (the latter claimed by the employer)

Employer savings – Payroll Tax \$4,577.27 (if registered for Payroll Tax)

Employer FBT liability is nil

Employee reportable fringe benefit amount is nil

Employer cost is unchanged (cost neutral), remains at \$200k whether or not the employee salary packages

If the Employer decides to reimburse all of the incidental costs, the additional cost to the employer is \$91,545.45 (after claiming GST), and is all income tax deductible

Next steps

1. Employer and Employee agree on the salary packaging arrangement in writing (or the employer can choose to reimburse all the incidental costs without salary packaging)
2. Following home Sale and home Purchase, employee submits expense claims
3. Employer reimburses employee in total or spread reimbursement over salary packaging period
4. Employer deducts GST exclusive amount on a pre-tax basis each pay period from Employees salary

The Equilease difference

Making Salary Packaging a car viable and profitable for all employees ...

- ✓ Use existing personal vehicle
- ✓ Age of vehicle irrelevant
- ✓ No financing approval required
- ✓ All the benefits of a Novated Lease but without the restrictions and hassles:
 - ✓ GST & Income Tax savings
 - ✓ Fuel & car expenses discounts
 - ✓ Pre-tax deduction
 - ✓ Post-tax contribution method

Find out more:

<https://www.bility.com.au/novated-lease-finance/equilease-calculator/>

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SALARY PACKAGE YOUR EXISTING VEHICLE WITH EQUILEASE



Same Pay, More Money.

Tom and Mike both own the same car, both spend the same \$361.49 on fortnightly running costs for their vehicle. One uses EquiLease.

Without EquiLease, Tom's Net Income is \$2,272.49	
Salary	\$3,461.54
Superannuation	\$363.46
Total Earning	\$3,461.54
Taxable Income	\$3,461.54
Tax Payable	\$758.33
Medicare Levy	\$69.23
Total Tax Payable	\$827.56
Income Before Payments	\$2,633.98
Car Running Costs	\$361.49
Net Income	\$2,272.49
Net Income Before Packaging	\$2,272.49



Thanks to **EquiLease**
Mike saves
\$3,480 p/year

With EquiLease, Mike's Net Income is \$2,406.28
An increase of 5.89%

Salary	\$3,461.54
Superannuation	\$363.46
Total Earning	\$3,461.54
EquiLease PreTax Deduction	\$287.92
Salary Packaging Fee	\$21.93
GST Paid	\$9.22
Total Pre Tax Deductions	\$319.07
Taxable Income	\$3,151.69
Tax Payable	\$657.63
Medicare Levy	\$63.03
Total Tax Payable	\$720.66
EquiLease Post Tax Deduction	\$24.75
Net Income	\$2,406.28
Net Income Before Packaging	\$2,272.49
Savings Per Pay	\$133.79
Percentage Increase	5.89%

Save more of the money you earn and give yourself a pay rise by using EquiLease to Salary Package the running costs of a vehicle you already own.



*EquiLease Post Tax Deduction includes EquiLease Adjustment. Cars Under Personal Loan Eligible as well.
To Find out more about how Pay@bility can save you money - Visit www.bility.com.au or call 1300 198 697

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2023 FBT TRAINING

What's on offer?

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www.easyastaxfinder.com.au

30 November 2022

Key Areas of Coverage

1. Update
2. All benefit categories
3. Exemptions, concessions and reductions
4. Preparing the 2023 FBT Return
5. Post Lodgment obligations
6. Salary Packaging – the ins outs and roundabouts

Key inclusions:

2023 FBT & Salary Packaging Manual, 2023 FBT Checklist, Free Q and A via email

Full Day FBT Workshops (early bird registration extended to Friday 3 February)

1. **ONLINE:** Tuesday 21 February 2023, **At Your Computer**
2. **Sydney:** Wednesday 1 March 2023, **Hilton Hotel** – 488 George Street
3. **Parramatta:** Friday 3 March 2023, **Novotel** – 350 Church Street
4. **Canberra:** Thursday 9 March 2023, **Novotel** – 65 Northbourne Ave
5. **Brisbane:** Tuesday 14 March 2023, **Hilton Hotel** – 190 Elizabeth Street
6. **Melbourne:** Thursday 16 March 2023 **Marriott Hotel** – Corner Exhibition &, Lonsdale Streets
7. **Perth:** Tuesday 21 March 2023, **Parmelia Hilton Hotel** – 14 Mill Street
8. **Adelaide:** Thursday 23 March 2023, **Hilton Hotel** – 233 Victoria Square
9. **Sydney:** Tuesday 28 March 2023, **Hilton Hotel** – 488 George Street
10. **ONLINE:** Thursday 30 March 2023, **At Your Computer**

Full Day FBT Workshops (early bird registration extended to Friday 3 February)

ONLINE: \$440 Incl. GST per person (\$550 incl. GST per person after 3 February)

FACE TO FACE: \$550 Incl. GST per person (\$660 incl. GST per person after 3 February)

<https://fbtsolutions.com.au/fbt-return-preparation-full-day-workshops/>

FRIDAY 24 February 2023 – Online & Recorded

9.30am – 4.30pm

THURSDAY 4 May 2023 – Online & Recorded

9.30am – 4.30pm

Price: \$440 including GST

Key inclusions:

2023 FBT & Salary Packaging Manual, Salary Packaging Checklist

<https://fbtsolutions.com.au/salary-packaging-masterclasses/>

You choose:

1. Date
2. Attendees
3. Venue (In-person or Online)
4. Duration
5. Content

This is a popular option for training an in-house team/s, whether technical, process or policy focussed (or for clarifying issues and impacts to other functional areas in an organisation)

More information...

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