A residual fringe benefit is a fringe benefit not covered by any other division of the Fringe Benefit Tax Assessment Act 1986.

**In-house Residual Fringe Benefit**

An in-house residual fringe benefit is a benefit provided to an employee which is identical or similar to rights, services or facilities provided to the public in the ordinary course of the University’s business. For example, free or subsidised lectures provided to employees that are otherwise provided to the public for a charge.

The taxable value of an in-house residual fringe benefit is equal to 75% of the lowest arm’s length price charged to the public at any time for identical benefits less any amount, if any, paid by the employee for the benefit. Applying the “otherwise deductible” rule may reduce this taxable value to nil.

**Otherwise Deductible Rule**

Where an employee uses an item of property only in the performance of employment related duties the taxable value of the residual fringe benefit is reduced to $nil.

**External Residual Fringe Benefits**

An external residual fringe benefit is any residual fringe benefit, which is not an in-house residual fringe benefit. The taxable value of an external residual fringe benefit is equal to the arm’s length purchase price less the amount of any contribution made by the employee.

**Declaration Forms**

Before a reduction in the taxable value of a residual fringe benefit is allowable the employee must provide a written declaration to the University stating the otherwise deductible nature of the expenditure.

One of the following declarations is required:

- **No private use declaration** - where an employee receives a residual benefit which is used exclusively in the course of performing the employee’s employment activities. [4.9 (Attachment a)]; or

- **General declaration** - required in all other circumstances where there is a percentage of allowable deduction. [4.9 (Attachment B)]; or
• Recurring declaration - the percentage of allowable deduction is less than 100%. This declaration may apply to cover identical benefits provided over a five year period as long as the tax deductible percentage does not vary from year to year by more than 10%. [4.9 (Attachment C)].

Exempt Residual Benefits

Exempt Residual Benefits include:

• the use by an employee of the University’s equipment for the performance of employment activities (other than motor vehicles);

• living-away-from-home accommodation provided to an employee who is required for work purposes to live away from his/her usual place of residence.

A declaration is required in the form set out at 4.9 (Attachment A).

* In order for the University to avoid exposure to FBT in respect of residual fringe benefits, only items which are used in the performance of employment activities should be provided to employees.

Computers Provided to Employees For Home Use

Where the University provides computers to staff for home use and these computers are desktop computers, a Fringe Benefit Tax liability may arise where the business usage is less than 100% and/or this percentage is not substantiated.

An employer may provide to employees ‘eligible work related items’ free from FBT, under section 58X of the FBT Act. Included in this list are notebook / laptop computers/ PDAs or similar portable computers and portable printers provided to employees for business use purposes, provided to them to use at their home. (Note that the legislation permits one per employee per year).

* This includes as ‘eligible work items’, cases when the ownership of the property is transferred to the employee, for example through salary sacrifice arrangements.

A desktop computer where ownership remains with the employer, is not an ‘eligible work related item’, but is an external residual fringe benefit.

In calculating the taxable value of the benefit, the notional value usually represents the market value of the benefit which the employer would pay. For example, market rental value.
Staff should keep a 12 week continuous logbook to estimate the business portion of the computer. This logbook would be kept for a maximum of five (5) years unless there is a change in business use by more than 10%. In this case, a new logbook must be kept.

Each employee must provide a Declaration.

**For example:**

A desktop computer is set up in an employee’s home for business use. The computer is a University asset. The notional value of the computer is estimated at $1,200 per year (i.e.: $100 per month including GST). The employee makes no contributions during the year and has kept a logbook in the required form, which estimate business usage of 80%. The FBT liability is calculated as –

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Notional value</td>
<td>$1,200</td>
</tr>
<tr>
<td>Taxable value</td>
<td>$240</td>
</tr>
<tr>
<td>Grossed up value</td>
<td>$495</td>
</tr>
<tr>
<td>FBT 46.5%</td>
<td>$230</td>
</tr>
</tbody>
</table>

If the employee had not kept a logbook (or other records), the University would calculate the FBT liability as:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Notional value</td>
<td>$1,200</td>
</tr>
<tr>
<td>Taxable value</td>
<td>$1,200</td>
</tr>
<tr>
<td>Grossed up value</td>
<td>$2,477</td>
</tr>
<tr>
<td>FBT 46.5%</td>
<td>$1,152</td>
</tr>
</tbody>
</table>
No Private Use Declaration - Residual Benefits
(100% Business Use)

I, __________________________________________________________________________ on behalf of
(name of person authorised to make declaration)
____________________________________________________________________________
declare that
(name of employer)

the residual benefits, described below, and provided during the FBT year from 1 April ___________ to
31 March ____________ arise from the use of property which is subject to a consistently enforced
prohibition on the private use of that property and which, under the ‘otherwise deductible’ rule, would have
a taxable value of nil.

____________________________________________________________________________________
____________________________________________________________________________________
____________________________________________________________________________________
____________________________________________________________________________________
(Show sufficient detail to enable identification of the relevant benefits, e.g. name of employee(s) and/or class of employee and/or type of benefit.)

Signature __________________________________

Date         ___________________________________

This declaration must be completed when only employment related benefits have been provided to
the employee.
i.e. nil private expenditure is involved.
Residual Benefit Declaration
(Some Private Use)

I, ______________________________________ declare that

(name of employee)

________________________________________

(show nature of benefit e.g. car repairs)

was provided to me by or on behalf of my employer during the period from

________________________________________ in the year________ to __________________________________ in the year________

and that the benefit was used by me for the following purpose(s)

________________________________________

________________________________________

________________________________________

(Please give sufficient information to demonstrate the extent to which the benefit was used by you for the purpose of earning your assessable income.)

I also declare that had I purchased the benefit, for its market value, I would have been entitled to claim an income tax deduction equal to ______________% of the purchase price.

Signature _________________________

Date         _________________________

This declaration must be completed when a residual benefit provided to an employee is not used wholly for employment related purposes. i.e. there is a % of private expense(s) involved.

IMPORTANT DISCLAIMER:
This tax manual has been developed as a joint effort by the public universities in Western Australia. No person should rely on the contents of this tax manual without first obtaining advice from your University’s tax accountant or other qualified professional. This tax manual has been provided as a general reference guide, on the terms and understanding that the authors are not responsible for the results of any actions taken on the basis of information in this tax manual, nor for any error or omission therein. The authors and all Universities involved in the development and update of this tax manual expressly disclaim all and any liability and responsibility to any person, in respect of anything done or omitted to be done by any such person in reliance, whether wholly or partially, upon the whole or any part of the contents of this tax manual. You should not rely on this tax manual for your personal income tax obligations.
Recurring Residual Fringe Benefit Declaration

I, ____________________________________________ declare that

(name of employee)

__________________________________________

(show nature of goods e.g. car repairs)

was provided to me by or on behalf of my employer during the period from

__________________________________________ to __________________________________ in the year________

and that the property was used by me for the following purpose(s)

____________________________________________________________________________________

(Please give sufficient information to demonstrate the extent to which the benefit was used by you for the purpose of earning your assessable income.)

I also declare that had I purchased the service for its market value, I would have been entitled to claim an income tax deduction equal to ________________% of the purchase price.

I understand that this declaration is to apply to the above stated benefit and to any identical benefit for a period up to 5 years from the date of this declaration or until the stated percentage incurred in earning my assessable income decreases by more than 10 percentage points. This declaration will also be revoked if another recurring property fringe benefit declaration is provided in respect of a subsequent identical benefit.

Signature _______________________________________

Date _____________________________

Note:

Identical benefits are ones which are the same in all respects except for any differences that are minimal or insignificant, or that relate to the value of the benefits, or that relate to a change in the deductible proportion of 10 percentage points or less.