



**FRINGE BENEFITS TAX****Section : 4.0****EXPENSE PAYMENT FRINGE BENEFITS****Part : 4.5****Revised Date :24.07.2006**

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- Briefcases
- Calculators
- Car phones
- Lap-top computers/PDA/Portable Printer
- Mobile phones

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<b>EXPENSE PAYMENT FRINGE BENEFITS</b>	<b>Part</b>	<b>:</b>	<b>4.5</b>
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## Declaration Forms

Before a reduction in the taxable value of an expense payment fringe benefit is allowable employees must provide a written declaration to the University stating the otherwise tax deductible nature of the expenditure.

One of the following declarations is required:

- No private usage declaration - where an employee receives reimbursement of a wholly tax deductible employment related expense. [4.5 (Attachment A)]. Alternatively, if the University elects, a blanket declaration can be completed by the University for all employees [4.5 (Attachment D)].
- Recurring declaration - the percentage of allowable deduction is less than 100% and the University reimburses the identical expense over a number of years. This declaration may apply to cover benefits received over a five year period as long as the tax deductible percentage does not vary from year to year by more than 10%. [4.5 (Attachment B)].
- General declaration - required in all other circumstances where some tax deductible expense is reimbursed by the University. [4.5 (Attachment C)].
- Living-away-from-home declaration - this applies where the University reimburses the employee for the lease rental while the employee is living-away-from-home. [4.7 (Attachment A)].

## Higher Education Loan Program ('HELP')

There were four schemes under the Higher Education Funding Act 1988 that offered Commonwealth loans to assist students to pay their higher education fees. On 1 January 2005 the four schemes were replaced by three new schemes (HECS-HELP, FEE-HELP and OS-HELP) that were introduced under the Higher Education Support Act 2003.

The three new schemes are part of the Higher Education Loan Programme (HELP) and offer Commonwealth loans to assist students to pay their higher education fees and to study overseas. From 1 June 2006, all existing HECS debts become accumulated HELP debts.

An expense payment fringe benefit will arise where the University pays or reimburses the employee, or an associate of the employee, any part of his/her HECS-HELP or FEE-HELP loan repayments.

Full fee paying courses may qualify for concessional FBT treatment as an in-house residual fringe benefit (refer to Part 4.9) where provided in-house, and/or where the "otherwise deductible" rule applies. The "otherwise deductible" rule could be applied for staff studying post-graduate courses, and paying upfront

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fees through FEE-HELP, provided a 100% business use declaration was completed and the study related to the staff member's current area of work.

### **Airfares**

Airline tickets may be paid for by the University for its staff to attend study courses, seminars or conferences on trips which are admittedly business trips but which also have a component which is devoted to non-business pursuits, i.e. a holiday.

Provided that the staff member pays for their costs (i.e. meals, accommodation) for that part of the trip that is non-business, the accepted view is that if the predominant purpose of the trip is business related, the airline ticket will not be subject to FBT, notwithstanding a non business portion of the trip.

The predominant purpose of the trip can be determined by considering the following:

- Whether the staff member would have still gone on holiday had they not been sent with work
- Whether the time spent on non-business pursuits is excessive (e.g. the conference lasts for 2 days but the staff member then spends 2 months holidaying).

Of course, if the costs of the non-business part of the trip (i.e. meals, accommodation) are paid for by the employer, then FBT liability will apply on those benefits provided.

If any other person accompanies you on your travel (e.g spouse/child) and the University pays for the travel costs this will be subject to FBT.

### **Car Parking Expense Payment Fringe Benefit**

Where the University pays or reimburses an employee, or an associate of an employee, for car parking expenses, a car parking expense payment fringe benefit will arise.

### **Gross Up Factors**

Due to the introduction of GST it will be essential to determine which gross up factor will apply to an expense payment fringe benefit. Please refer to the table on the following page which will assist in determining which gross up factor applies.

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**FRINGE BENEFITS TAX**

**Section : 4.0**

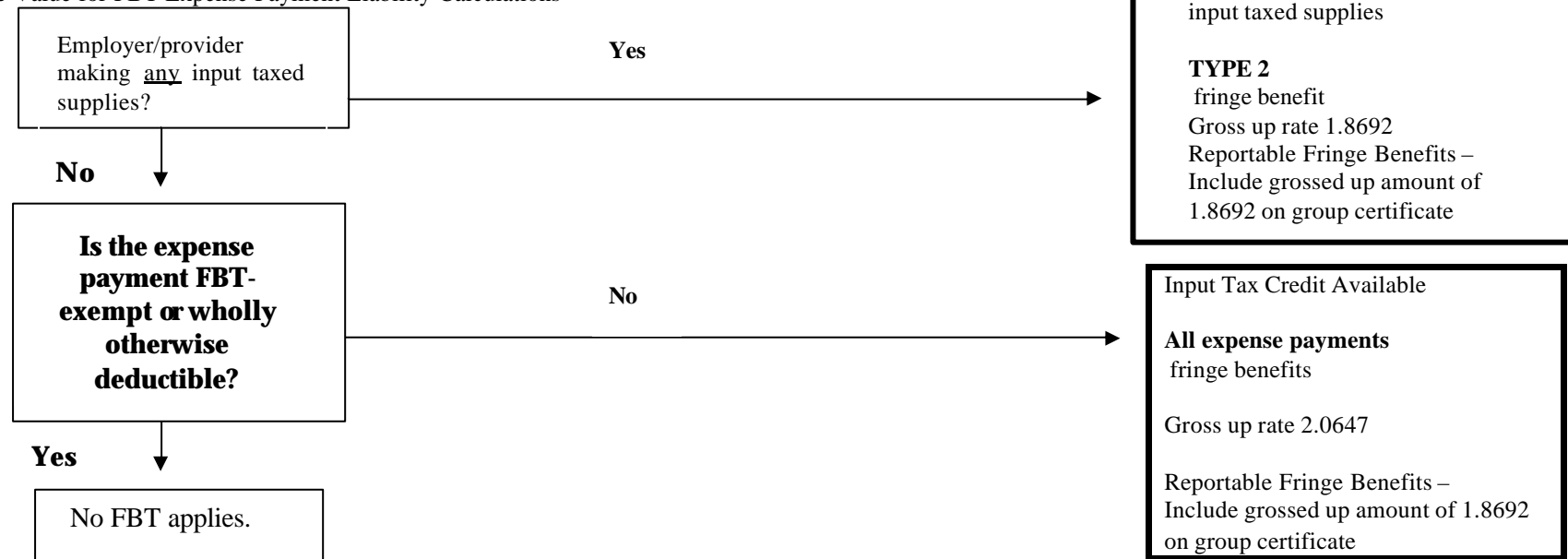
**EXPENSE PAYMENT FRINGE BENEFITS**

**Part : 4.5**

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## Expense Payment Fringe Benefits

Flowchart – FBT Gross-Up Factor to Apply for Calculating the Grossed-Up Taxable Value for FBT Expense Payment Liability Calculations



**PLEASE NOTE: The above flowchart incorporates Division 71 which was passed by parliament and will result in no input tax credit being allowed for an acquisition or importation where it is provided as a fringe benefit and the acquisition or importation also relates wholly or partly to making supplies that are input taxed. The above flowchart does not apply where the employer is making financial supplies, but the financial supplies threshold is not exceeded. In that case, employer can claim input tax credits and the Type 1 gross-up applies. The flowchart may not cover all situations, advice should be sought for specific issues. In particular it does not cover the financial supplies rule.**

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<b>NO PRIVATE USE DECLARATION – EXPENSE PAYMENT BENEFITS (100% BUSINESS USE)</b>	<b>Attachment</b>	<b>:</b>	<b>A</b>

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**No Private Use Declaration - Expense Payment Benefits  
(100% Business Use)**

I, \_\_\_\_\_ on behalf of  
(name of person authorised to make declaration)

\_\_\_\_\_ declare that  
(name of employer)

the expense payment benefits, described below, and provided during the FBT year from 1 April \_\_\_\_\_ to 31 March \_\_\_\_\_ are payments or reimbursements of expenses 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 expense.)

Signature \_\_\_\_\_

Date \_\_\_\_\_

This declaration must be completed when only employment related expenses are reimbursed. i.e. nil private expenditure is involved.
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<b>RECURRING EXPENSE PAYMENT FRINGE BENEFIT DECLARATION</b>	<b>Attachment</b>	<b>:</b>	<b>B</b>

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**Recurring Expense Payment Fringe Benefit Declaration**

I, \_\_\_\_\_ declare that  
(name of employee)

—  
(show nature of expense e.g. telephone rental and/or calls)

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

\_\_\_\_\_ in the year \_\_\_\_\_ to \_\_\_\_\_ in the year \_\_\_\_\_

and the expenses were incurred by me for the following purpose(s)

—  
(Please give sufficient information to demonstrate the extent to which the expenses were incurred by you for the purpose of earning your assessable income.)

I also declare that the percentage of those expenses incurred in earning my assessable income was \_\_\_\_\_%.

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 expense payment 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.*

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<b>BLANKET DECLARATION</b>	<b>Attachment</b>	<b>:</b>	<b>C</b>
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**Expense Payment Benefit Declaration  
(Some Private Use)**

I, \_\_\_\_\_ declare that  
(name of employee)

—  
(show nature of expense e.g. telephone rental and/or calls)

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

\_\_\_\_\_ in the year \_\_\_\_\_ to \_\_\_\_\_ in the year \_\_\_\_\_ and the expenses were

incurred by me for the following purpose(s)

—  
(Please give sufficient information to demonstrate the extent to which the expenses were incurred by you for the purpose of earning your assessable income.)

I also declare that the percentage of those expenses incurred in earning my assessable income was \_\_\_\_\_%.

Signature \_\_\_\_\_

Date \_\_\_\_\_

This declaration must be completed when not all of the expenses reimbursed are employment related. i.e. there is a % of private expense(s) involved.
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**Blanket Declaration  
(100% Business Use)**

I, \_\_\_\_\_ on behalf of  
(name of person authorised to make declaration)

\_\_\_\_\_ declare that

the expense payment benefits, described below, and provided during the FBT year from 1 April \_\_\_\_\_ to 31 March \_\_\_\_\_ are payments or reimbursements of expenses which, under the 'otherwise deductible' rule, would have a taxable value of nil.

<b>EMPLOYEE</b>	<b>TYPE OF EXPENSE</b>

(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 expense.)

Signature \_\_\_\_\_

Date \_\_\_\_\_

This declaration must be completed when only employment related expenses are reimbursed. i.e. nil private expenditure is involved.
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