



FBT issues that raise ATO attention

With the fringe benefits tax (FBT) year-end just around the corner, it is a good time to review your FBT compliance to avoid raising attention from the Australian Tax Office (ATO).

The ATO is currently targeting the following rules for FBT:

Motor vehicles

Situations where an employer-provided motor vehicle is used or available for private travel for staff. This is a fringe benefit and must be declared on the FBT return (if lodgment is required). However, there are some circumstances where this is exempt; be sure to check before lodgement.

Employee contributions

The ATO will focus on employee contributions that have been paid by an employee to an employer and are declared on both the FBT return and employer's income tax return to ensure they are correctly reported.

Employer rebate

A taxpayer must be a rebatable employer to claim a FBT rebate; the ATO will check the taxpayer's eligibility as some employers incorrectly claim for this rebate.

Living-away-from-home (LAFHA) allowance

Common errors with the LAFHA allowance include claiming reductions for ineligible employees, failing to obtain declarations from employees, claiming a reduction in the taxable value of the LAFHA benefit for exempt accommodation and food in invalid circumstances and failing to substantiate expenses relating to accommodation and food or drink.

Non-lodgement

Employers who provide fringe benefits must lodge a FBT return unless the taxable value of all benefits has been reduced to nil.

Car parking valuation

Common errors include market valuations that are significantly less than the fees charged for parking within a one km radius of the premises on which the car is parked, the use of rates paid where the parking facility is not readily identifiable as a commercial parking station, rates charged for monthly parking on properties purchased for future development that do not have any car park infrastructure, and insufficient evidence to support the rates used as the lowest fee charged for all day parking by a commercial parking station.