

Fringe Benefits Tax Requirements Policy

Section 1 - Description

(1) Fringe Benefits Tax (FBT) is a tax paid by the University on fringe benefits provided in respect of employment. This can include fringe benefits for former or future employees and benefits paid for by a third party.

(2) The tax will be charged back to the responsibility centre responsible for incurring the expenditure.

(3) With careful planning there are a number of ways that the University's FBT expenditure can be reduced. Advice should be sought from the Financial Business Solutions when considering the payment of what may be classified as a fringe benefit.

Section 2 - Types of Fringe Benefits

(4) There are 13 categories of fringe benefits including some of the following examples:

- a. Car Fringe Benefit occurs when a car is made available for the private use of an employee. A car is taken to be made available for private use by an employee on any day the car is available for private use and not on University premises, the car is used for private purposes or garaged at the employees' home.
- b. Tax-exempt Body Entertainment Fringe Benefit includes the provision of entertainment by way of food, drink, or accommodation or travel in connection with the provision of such entertainment when the benefit is provided by an entity exempt from income tax.
- c. Property Fringe Benefit arises when the employer provides an employee with free or discounted property.
- d. Expense Payment Fringe Benefit can arise when the employer reimburses an employee for expenses the employee incurs or when the employer pays a third party in satisfaction of expenses incurred by the employee.
- e. Living Away From Home Allowance Fringe Benefit is an allowance paid to an employee to compensate for additional expenses incurred and any disadvantages suffered because the employee has to live away from home to perform employment-related duties.
- f. Residual Fringe Benefit is any benefit provided that is not subject to any of the other rules. Examples include private travel, health insurance or the use of property.

Section 3 - Rate of Tax

(5) The FBT rate is 47%.

Section 4 - The Fringe Benefits Taxable Amount

(6) To calculate the FBT payable a gross-up formula is applied depending on the type of expenditure incurred.

Higher Gross-up Formula (Type 1)

(7) The higher gross up formula is used when QUT is entitled to an input tax credit for GST paid on benefits provided to

an employee.

(8) The higher FBT gross-up formula results in a gross up rate of 2.0802 where the FBT rate is 47% and the GST rate is 10%.

Lower Gross-up Formula (Type 2)

(9) All remaining Fringe Benefits are Type 2 benefits.

(10) The Type 2 FBT gross-up formula results in a gross-up rate of 1.8868 where the FBT rate is 47%.

Section 5 - Reportable Fringe Benefits

(11) If an employee receives certain fringe benefits with a total taxable value of more than \$2,000 in an FBT year (1 April to 31 March) QUT must report the grossed-up taxable value of the benefits on the employee's payment summary for the corresponding income year.

Status and Details

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Policy Owner	Darryl Crawford Associate Director, Financial Control
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