

Fringe Benefits Tax (FBT) - Reportable Benefits

What are reportable benefits?

The University pays FBT on the value of the fringe benefits provided to employees and associates.

If the value of certain fringe benefits an employee is provided totals \$2,000.00 or more in a FBT year, the University must record the grossed up taxable value of those benefits on the employee's Payment Summary for the income year in which they receive them.

This grossed up taxable amount is known as the employee's Reportable Benefits.

The grossed-up taxable value of a benefit an employee receives is the cost of the benefits provided to the employee adjusted upwards to reflect the salary amount that the employee would have had to earn in order to purchase the benefit from their after tax income.

The University is required to calculate this amount using the FBT rate equal to the highest marginal rate of income tax, plus Medicare levy. For the FBT year ended 31 March 2009, this is 46.5%. For example, a fringe benefit with a taxable value of \$2,000.01 is a reportable fringe benefit amount of \$3,738.00.

What are the consequences of having fringe benefits reported on you payment summary?

Even though a reportable fringe benefits amount is included on an employee's payment summary and is shown on their tax return, it is not included in their assessable income and they do not pay income tax or medicare levy on that amount.

However, the Reportable Benefits value is included in a number of income tests, including:

- calculating any liability for the Medicare levy surcharge;
- determining the level deductions for personal super contributions;
- determining eligibility for super co-contribution;
- determining your eligibility for family assistance payments including Family Tax Benefit Part A & B, Child Care Benefit, Parental Leave Pay, Dad and Partner Pay and School Kids Bonus
- determining the tax offset for contributions to an employee's spouse's super;
- determining entitlement to various other tax offsets;
- working out the amount you must repay against your Higher Education Loan Program (HELP) and/or Financial Supplement Scheme debt;
- working out your child support obligations;
- working out your entitlement to certain income-tested government benefits.

Finishing employment between 1 April and 30 June

If you finish your employment between 1 April and 30 June and the University has provided you with reportable fringe benefits. Any reportable benefits exceeding a total of \$2,000 provided from 1 April of that year must be shown on your payment summary for the income tax year ended 30 June in the following year. This is the case, even though you will not have received any salary or wages from that employer in that following income tax year.