

FBT ... What's new in 2011

April 2011

With the due date of FBT returns creeping closer, it is important to highlight key amendments to legislation, as well as remind you of requirements for exemptions, which may dramatically reduce the FBT liability of dealers. Important changes and reminders to be aware of regarding FBT include the following:

Car fringe benefits – cost price A new draft ruling has identified potential savings for motor dealers providing car fringe benefits to their employees. The ATO's preliminary view is that any and all of the following:

- Sales incentives;
- Manufacturer's rebates; and
- Fleet discounts

effectively reduce the cost price of the car, when considering the value of the benefit being provided.

If you would like guidance as to what this development may mean for you, please contact our office.

Eligible work related items Where employees are provided with "portable electronic devices", in order to gain an exemption from FBT, we must consider:

- The Work Use Test: The items must be used "primarily" for business use. This test need only be applied at the time of providing the benefit (unless regular payments are made for the benefit); and
- The exemption is now limited to one item with identical function, per employee per year (unless the subsequent item is provided merely as a replacement). Please contact us for guidance as to what the ATO deem to be items with identical functions.

To account for rapid changes in technology, this exemption is no longer restricted to specifically defined items (such as mobile phones or laptops), but has been extended to include all "portable electronic devices".

Minor and infrequent benefits exemption We reiterate, it is important to note that when applying this exemption, both

elements of "minor" and "infrequent" must be considered. It is not satisfactory for the value of the benefit to simply be less than \$300. This is a subjective assessment. However, it is clear that the more regularly such benefits are provided, the less likely they are to satisfy the requirement.

Want to ensure these changes and more are reflected in your dealership's FBT return? The Fordham FBT Ready Reckoner will be updated to include all changes for 2011, allowing easy and efficient preparation of the FBT return. Be sure to get your copy of the Ready Reckoner as soon as possible to allow yourself enough time for completion and lodgement of your FBT return. Find more information about FBT on our website.

Key features of the Fordham FBT Ready Reckoner

- Easy identification of the most cost effective FBT solution for your dealership
- Calculation of reportable fringe benefits
- Multiple vehicle pools
- Minimal data entry
- Preparation of letters to employees advising of any reportable fringe benefits
- Fully integrated into Microsoft Excel
- An intuitive interface
- Easily account for benefits provided by manufacturers
- Easy to read reports showing the taxable value of each benefit

Should you wish to discuss this matter further, please contact one of our Fordham Motor Dealer Services Directors:

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