

Property fringe benefit

A property fringe benefit arises where the University provides an employee or their associate with free or discounted property.

For Fringe Benefits Tax purposes, property includes-

- goods (including gas and electricity) and animals;
- real property, such as land and buildings and
- rights to property, such as shares or bonds.

Examples of items that might give rise to a property benefit include:

- Long service awards (e.g. watch) – Note there are some FBT concessions for long service awards which will be applied by Finance, please report any long service gifts.
- Computer/office equipment.
- Staff awards (e.g. gift vouchers)
- Uniforms (where the uniform is not protective clothing and is not compulsory to wear)

How is FBT calculated?

FBT =

- i. Taxable value of property fringe benefit X 1.8868 (Gross up factor) X 47% (FBT Rate) (i.e. property benefit with no GST)
- ii. Taxable value of property fringe benefit X 2.0802 (Gross up factor) X 47% (FBT Rate) (i.e. property benefit which includes GST)

Where:

The taxable value of a property fringe benefit will depend on whether the benefit is an **in-house** or an **external benefit**.

An in-house property fringe benefit is generally one where the University is engaged in a business which normally provides identical or similar goods or services to the public. In such circumstances, the benefit is valued at 75% of the lowest price charged to the public for the same goods or services. In addition, the first \$1,000 of in-house benefits is exempt from FBT.

An external property fringe benefit is the cost price of the benefit or market value where the University did not purchase the property at arm's length reduced by any contribution paid by the employee or to the extent the otherwise deductible rule applies.

To determine the market value of the property fringe benefit, reference should be made to online resources such as www.ebay.com.au.

Minor Property Benefit Exemption

If the taxable value of the fringe benefit is less than \$300 including GST, the benefit can be ignored for FBT purposes if the benefit being provided to the respective employee is only provided on an *"irregular and infrequent basis"*. This exemption is referred to as the minor property benefit exemption.

Transaction Processing

Property fringe benefits should be charged to the natural account 3817. FBT assessed and calculated will be charged to 3837.

Original Expense -Charge to "FB – Property"	⇒	3817
Assessed Tax Charged to Natural Account "FBT – Property"	⇒	3837 (Finance use)
Subject to Employee PAYG Payment Summary Reporting	⇒	Yes