

## Residual fringe benefit

This category of fringe benefits is effectively the “catch-all” category that seeks to tax fringe benefits provided to employees, which do not come within any other category detailed previously.

Examples that may give rise to residual fringe benefit include:-

- Discounted school or University’s fees;
- Private use of motor vehicles other than a car; e.g. a motor cycle, a truck or the provision of a rental car hired by the University.

### How is FBT calculated?

FBT =

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

Where:

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

**An in-house residual 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 residual 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.

### Minor Residual Fringe 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

Original Expense - Charged to “FB – Residual”	⇒	3820
Assessed Tax Charged to Natural Account “FBT – Residual”	⇒	3840 (Finance use)
Subject to Employee PAYG Payment Summary Reporting	⇒	Yes