

Financial Code of Conduct - Fringe Benefits Tax (FBT) Procedures

Section 1 - Summary

(1) Fringe Benefits Tax (FBT) is a tax payable by the University on the value of fringe benefits that the University, its associates or third parties by arrangement provide to its employees or to associates of employees. This document outlines procedures designed to administer and account for FBT within the University.

Section 2 - Scope

(2) This procedure provides guidelines to all staff and assist in minimising the risk of non-compliance with the FBT legislation.

Section 3 - Policy/Regulation

(3) [Financial Code of Conduct Policy](#)

Section 4 - Procedures

Part A - Summary of Roles and Responsibilities

Roles	Responsibilities
Tax Compliance Team	Ensure that this procedure complies with the current FBT legislation, rulings, guidelines and reporting obligations. All transactions entered into by the University must be analysed to determine the correct FBT treatment. Provide regular training to increase the FBT awareness amongst all the Finance staff including the Operational Accounting Team, Procurement Hub Officers and the Accounts Payable Team.
All University Staff	Responsible for familiarising themselves with the requirements of this Procedure and responsible for acting in compliance with this Procedure at all times in their conduct as a staff member.

Part B - Procedures

(4) The FBT obligations of the University are overseen by the Corporate Finance Services (Tax Compliance Team). The FBT year runs from 1 April to 31 March each year. FBT is paid in quarterly instalments to the Australian Taxation Office (ATO) via the Business Activity Statement (BAS), with the final return being lodged on 21 May each year. FBT is on-charged to individual cost centres on a quarterly basis.

Reportable fringe benefits

(5) Where the taxable value of employee fringe benefits exceeds \$2,000 (other than excluded fringe benefits) for the FBT year ending 31 March, that amount, after being grossed up by the type 2 gross up rate (1.8868), will be stated on the employees PAYG Payment Summary. The reportable fringe benefits value for employees receiving type 1 benefits will need to be recalculated using the type 2 grossed up rate for PAYG payment summary reporting purposes. Even though a reportable fringe benefit is included in a payment summary, it is not included in the employee's assessable income. It is, however, included in a number of income tests relating to the following government benefits and obligations:

- a. Medicare levy surcharge;
- b. Private health insurance rebate;
- c. Personal superannuation contributions;
- d. Government co-contribution for personal superannuation co-contributions;
- e. Family assistance payments (Family Tax Benefit Part A and Part B, Child Care Subsidy (from 2 July 2018), Child Care Benefit for approved care (prior to 2 July 2018), Parental Leave Pay, Parental Leave Pay, and Dad and Partner Pay);
- f. Higher Education Loan Program (HELP), Vocational Education and Training Student Loan (VETSL), Student Financial Supplement Scheme (SFSS), Student Start-up Loan (SSL), ABSTUDY Student Start-up Loan or Trade Support Loan (TSL) debt;
- g. Child support obligations;
- h. low income supplement or low income family supplement; and,
- i. Tax offset of business loss against other income.

(6) Car parking and meal entertainment fringe benefits are excluded from the above reporting requirement.

(7) Example 2 – Employee's Reportable Fringe Benefits Added to PAYG Payment Summaries

- a. Mark Smith's PAYG Payment Summary has recorded a reportable fringe benefit amount ('RFBA') of \$6,000. His taxable income for the year was \$50,000. For the purposes of income tests associated with the additional levies and surcharges concessions and liabilities referred to above, Mark's RFBA will be added to his taxable income to arrive at an adjusted income figure of \$56,000. It is important to note that Mark will not pay income tax or primary Medicare levy on his RFBA.

Record keeping

(8) For FBT purposes, the University is required to keep all documentation relating to the provision of fringe benefits for a minimum of five years from the date they are prepared, obtained on the transactions completed. This includes but not limited to, retaining tax invoices or attached to the relevant expense in Concur Expense Management, declarations, logbooks, travel diaries etc.

Types of fringe benefits

(9) There are thirteen categories of fringe benefits however only the applicable benefits to the University are explained further in the following factsheets, which are also available on the Finance intranet site.

- a. [Car Fringe Benefits](#)
- b. [Tax Exempt Body Entertainment Fringe Benefits](#)
- c. [Debt Waiver and Loan Fringe Benefits](#)
- d. [Expense Payment Fringe Benefits](#)
- e. [Property Fringe Benefits](#)

- f. [Residual Fringe Benefits](#)
- g. [Housing Fringe Benefits](#)
- h. [Living Away From Home Allowance \(LAFHA\)](#)
- i. [Car Parking Fringe Benefits](#)

Fringe Benefits Tax Exempt Benefits

(10) A number of benefits are exempt from fringe benefits tax (FBT). An exempt benefit cannot be a fringe benefit. The factsheet - [Fringe Benefits Tax Exempt Benefits](#) provides a list of the fringe benefits that are exempt from FBT.

Otherwise Deductible Rule and Fringe Benefits Tax Declaration Forms

(11) The otherwise deductible rule allows the taxable value of a fringe benefit to be reduced by the amount the employee would have been entitled to claim an income tax deduction had they incurred the expense.

(12) The factsheet - [Otherwise Deductible Rule and Fringe Benefits Tax Declaration Forms](#) provides an overview of the otherwise deductible rule and the applicable declaration forms that need to be completed to claim the reduction allowed under the otherwise deductible rule in relation to the fringe benefits received.

Employee Contributions

(13) An employee can make recipient's contributions to reduce the taxable value of most fringe benefits. The value of the contribution must be paid out of post-tax income and the contribution for FBT purposes will be the GST-inclusive value. Additionally, an employee contribution is treated as consideration for a taxable supply for GST purposes and the University has to pay GST on the supply.

Travel

(14) FBT must be assessed for all travel considered "dual purpose". Dual purposes travel means travel, which combines both business and private components.

(15) Private travel must be less than 30% of the total travel period for the travel to be considered as business related. In circumstances where the private travel component is greater than 30% of the total travel period, the purpose of the travel will be considered dual purpose, i.e. business and private, and the Traveller will be required to pay 50% of the airfare to avoid Fringe Benefit Tax (FBT). The FBT calculator (which can be downloaded from the [Finance intranet Site/Travel Information](#)) can be used to determine whether or not FBT applies and further guidance can be provided by contacting the Tax Team at taxcompliance@vu.edu.au.

Travel Diary

(16) A travel diary must be completed to provide evidence and substantiate the primary purpose of the travel. It is an ATO requirement that Travellers complete a travel diary for all domestic and international travel, which are more than five consecutive nights.

(17) Failure to provide a complete and signed Travel Diary for travel requiring a Travel Diary will mean the primary purpose of the trip is un-substantiated and the travel will be deemed to be private purposes and all travel related expenditure (airfares, accommodation, food and incidentals) will be subject to FBT.

(18) The Tax Compliance Team will conduct regular audits and in the event of non-compliance, FBT will be applied to all the travel costs incurred by the department on behalf of the employee and on-charged to its cost centre. The application of FBT would essentially double the cost of the travel to the department.

Section 5 - HESF/ASQA/ESOS Alignment

(19) HESF: Standard 6.2 Corporate Monitoring and Accountability.

(20) Outcome Standards for NVR Registered Training Organisations 2025: Standard 4.3 Risk Management. Compliance Standards for NVR Registered Training Organisations and FPP Requirements 2025: Standard 20 Compliance with Laws.

Section 6 - Definitions

(21) Associate

(22) Benefit

(23) Employee

(24) Excluded Fringe Benefits

(25) Fringe Benefit

(26) GST (Goods and Services Tax)

(27) GST Input tax credit

(28) Logbook: For FBT purposes, logbook is a way of keeping a record of the car's usage, to separate the cost of business and personal use.

Status and Details

Status	Current
Effective Date	22nd August 2018
Review Date	22nd August 2027
Approval Authority	Vice-President, Finance and Chief Financial Officer
Approval Date	20th August 2018
Expiry Date	Not Applicable
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Glossary Terms and Definitions

"Associate" - An associate is any person or entity closely associated with an employee. It includes a spouse, child, relative, friend etc.

"Benefit" - A benefit includes any right, privilege, service or facility.

"Employee" - For FBT purposes, Employee includes current, future or former employees. An employee is generally someone who receives, or is entitled to receive, salary and wages in return for work or services provided, or for work under a contract that is wholly or principally for person's labour. For FBT purposes, "employees" includes company directors, office holders, common law employees and recipients of compensation payments.

"Excluded Fringe Benefits" - These are benefits that are excluded from the reportable fringe benefits arrangements. For example, meal entertainment and car parking benefits.

"Fringe Benefit" - Is a non-cash incentive paid to an employee on top of their salary or wages. For example, salary packaging of vehicle leasing (novated), gym membership at University gymnasiums and locker hire, University campus parking fees etc.

"GST (Goods and Services Tax)" - The GST is a broad-based consumption tax of 10% per cent on most supplies of goods and services consumed in Australia.

"GST Input tax credit" - This is the entitlement to claim GST included in the purchase price of many goods and services used in the business.