



Additional information - Is the employer exempt from Fringe Benefits Tax?

We have prepared web instructions for employers when completing payment summaries regarding the employer Fringe benefits tax (FBT) exemption label. You can rely on these instructions on how to complete FBT exempt type field in Electronic reporting specification Pay as you go (PAYG) withholding payment summary annual report version 12.0.1.

Is the employer exempt from FBT under section 57A of the FBTA 1986?

The Government has changed the way reportable fringe benefits amounts are treated for family assistance and youth income support payments. This in turn has changed how you show these benefits on your employees' payment summary forms.

On the payment summary form, for the reportable fringe benefits amount entered, you will see a Yes and No indicator box as follows:

Is the employer exempt from FBT under section 57A of the FBTA 1986? No Yes

Select Yes if you are eligible for exemption from fringe benefits tax (FBT) under section 57A of the *Fringe Benefits Tax Assessment Act 1986* (FBTAA 1986) for the benefits provided as a:

- registered public benevolent institution that is endorsed by the Commissioner of Taxation as eligible for exemption from FBT
- government body and the employee's duties are exclusively performed in or in connection with:
 - a public hospital, or
 - a hospital carried on by a society or association that is a rebatable employer

- registered health promotion charity that is endorsed by the Commissioner of Taxation as eligible for exemption from FBT, or
- public ambulance service and the employee is predominantly involved in providing that service.

Otherwise select No.

If you do not have any reportable fringe benefits amount to report, leave both boxes blank.

An employee may change roles within an organisation that is eligible for exemption under section 57A. For instance, an employee of a state health department may work as a nurse in a hospital (57A exempt duties) for part of the FBT year and, in an administration role at head office (non-exempt duties) for the remainder. If you have an employee who performs both exempt and non-exempt duties during the year while receiving reportable fringe benefits, you will have to provide two payment summaries.

If the combined value of the exempt and non-exempt fringe benefits exceeds \$2,000 in the FBT year, you must provide the grossed-up taxable value of each fringe benefit on a separate payment summary. On one payment summary you will show the section 57A exempt reportable fringe benefits amount and select Yes. On the other payment summary you will show the non-exempt reportable fringe benefits amount and select No.

No more than two payment summaries are required, even if the employee has several periods of exempt and non-exempt service. Report all of the exempt amounts in one payment summary and all of the non-exempt amounts in a second payment summary.

Example:

Pam is a nurse who works for a state department of health. An administration officer in the department has gone on leave for the period 1 December to 28 February, and Pam was required to fill the position due to having some experience in that role. Therefore, Pam performed duties that were exempt and non-exempt under section 57A, and this will require the employer to issue two payment summaries for the income year. Pam's periods of duties were as follows:

- Nursing in a public hospital Period 1
- Working as an administrator in head office Period 2

- Nursing in a public hospital Period 3

Pam had reportable fringe benefits of \$4,200, received over the full 12 months of the FBT year. \$1,500 of the total amount applies to period 2. Pam also received gross payments of \$75,000 and had tax withheld of \$17,500 in the financial year.

Pam will receive two payment summaries for the year covering the exempt and non-exempt reportable fringe benefit amounts (RFBA). Gross payments and tax withheld can be apportioned between them or shown in the one payment summary as follows:

Payment summary No.1

1 July to 30 June

Gross payments \$75,000

Tax withheld \$17,500

RFBA \$2,700

Section 57A exemption YES

Payment summary No.2

1 July to 30 June

Gross payments \$ nil

Tax withheld \$ nil

RFBA \$1,500

Section 57A exemption NO