

Deloitte.



Fringe Benefit Tax
A simple concept with complex application
May 2017

Inland Revenue Activity

- Increased Inland Revenue in respect of FBT and payroll taxes
- FBT risk review requests for information increasing
 - Group life insurance project
 - Inland Revenue education
 - FBT questionnaire (not always)
 - Voluntary disclosures with response

How can you manage this risk?

- Deloitte can conduct a review prior to Inland Revenue send a risk review request
- Advantage of knowing where your risk areas lie before Inland Revenue finds them
- Scope of review can be tailored to suit.
 1. Full scale review of the FBT policies and procedures
 2. High level review of processes
 3. Annual review of Q4 attribution calculation



Common mistakes we see

- Motor vehicles and the application of exemptions
- Unclassified benefits not tracked or not correctly tracked
- Group companies and the de minimis exemption
 - \$300 per employee per quarter; or
 - \$22,500 to all employees in prior four quarters
- FBT/PAYE distinction



PAYE / FBT distinction

What are the contractual arrangements?

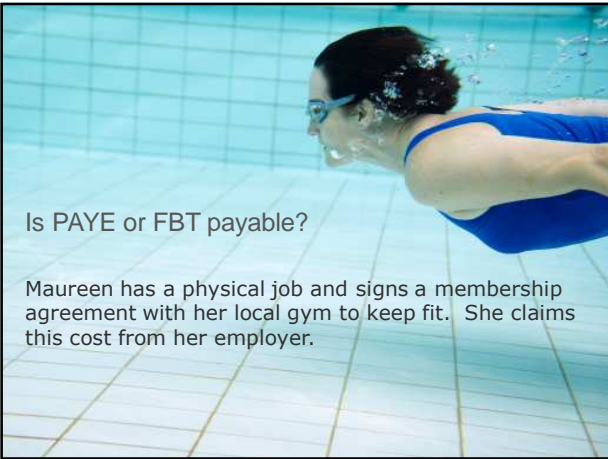


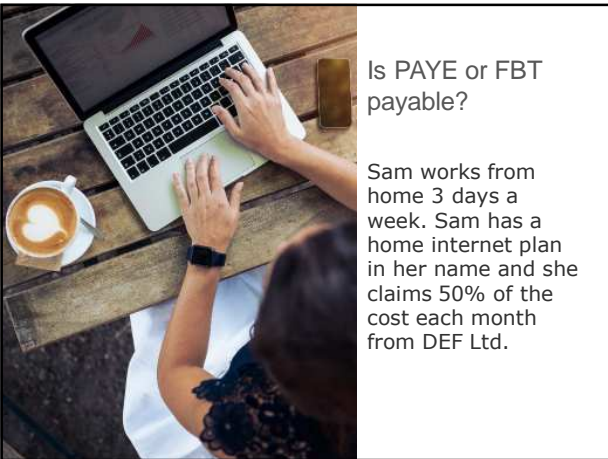
Is PAYE or FBT payable?

Simon is employee of the month and is able to spend \$200 as he chooses. He signs up for a photography course and claims reimbursement from his employer ABC Ltd.











Is PAYE or FBT payable?

Sam works from home 3 days a week. Her employer DEF Ltd contracts for and for pays her home internet plan.

Is PAYE or FBT payable?

XYZ employees are able to sign up to receive Southern Cross medical insurance. XYZ pays a contribution towards the insurance premium directly to Southern Cross.





Motor Vehicles

When is there a fringe benefit?



Work-related vehicle exemption

Motor vehicles – other exemptions

- Vehicles >3,500kg
- Emergency calls
- Business trips





Motor vehicles myths

Car parks and the on-premises exemption

Public ruling 15/11

Applies indefinitely from 17 November 2015

Commissioners operational position






Life insurance

Questions we've been asked

- Employee sports team sponsorship and uniforms
- Eye tests and prescription glasses / contact lenses
- Cellphones
- Travel allowances






Other (non-FBT) issues to be aware of

- Withholding tax changes
- PAYE changes proposed: payday filing
- Employee share scheme changes
- Valuation of accommodation

Questions



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