

FRINGE BENEFIT TAX

- ❖ What is Fringe Benefit Tax(FBT)?
 - Employer provides benefits to Employee other than a monthly salary or wage
 - Examples (4 Main Groups of FBT)
 - Motor Vehicles
 - Low-Interest loans
 - Free, subsidised or discounted Goods and Services
 - Employer Contributions to superannuation schemes, sick, accident or death benefit funds

Benefits that do not fall under FBT

- ▶ salary and wages, lump sums, bonuses, schedular payments
- ▶ a meal given instead of a meal allowance
- ▶ free board and lodging
- ▶ some forms of entertainment
- ▶ private use of employer owned or leased business tools where they are primarily for business purposes and the cost price of each tool does not exceed \$5,000
- ▶ benefits arising from health and safety obligations and the minimising of hazards as identified in the Health and Safety in Employment Act ie health checks will be exempt regardless of whether the check is undertaken at the employers premises or not.

I'm Liable for FBT, what now?

- you must file regular FBT returns.
- These may be:
 - ✓ for each quarter
 - ✓ for the income year, or
 - ✓ annually.

Any Tax Exemptions for Employees

- ▶ Exemptions that are available on free, subsidised, or discounted goods and services:
 - annual and income year filers
 - \$1,200 per employee per annum
 - Maximum Exemption of \$22,500 per annum for all employees.
 - quarterly filers
 - \$300 per employee per quarter
 - Maximum Exemption of \$22,500 per annum for all employees.

Quarterly Return

- ❑ **must** file returns if each quarter your annual gross tax and employer superannuation contribution tax (ESCT) for the previous year are over \$500,000

- ❑ **choose** to file quarterly if these are under \$500,000.

- ❑ **Important Filing Dates:**
 - ❑ 1st Quarter: 1 April – 30 June (Due: 20 July)
 - ❑ 2nd Quarter: 1 July – 30 September (Due: 20 Oct)
 - ❑ 3rd Quarter: 1 Oct – 31 December (Due: 20 Jan)
 - ❑ 4th Quarter: 1 Jan – 31 March 2013 (Due: 20 April)

Income Year / Annual Year FBT Return

- ▶ your company has shareholder–employees only, and
- ▶ your annual gross tax and ESCT are less than \$500,000, or
- ▶ you are a closely held company and you only provide motor vehicles for private use to shareholder–employees and that benefit is limited to 2 vehicles.

Calculating Your FBT

- We recommend the Inland Revenue Department's online FBT calculator.
- The Links are provided below.
 - Annual Return
 - <http://www.ird.govt.nz/calculators/keyword/fbt/ir419-worksheet-fbtmltratecalc-annual.html>
 - Income year Return
 - <http://www.ird.govt.nz/calculators/keyword/fbt/ir418-worksheet-fbtmltratecalc-incyr.html>
 - Quarterly
 - <http://www.ird.govt.nz/calculators/keyword/fbt/ir417-worksheet-fbt-mltratecalc-qrtly.html>

Please note that this information was gathered from IRD Sources

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