



Take full advantage

PACK FACT

HOW FRINGE BENEFITS TAX IS CALCULATED ON MOTOR VEHICLES FOR STATUTORY METHOD

Fringe Benefits Tax (FBT) is charged on all Motor Vehicles included in your salary package over the FBT year.

The FBT year runs from 1 April to 31 March and the tax is payable on 31 March.

To calculate the FBT payable on your Motor Vehicle using the Statutory Method, a formula set by the Australian Taxation Office is used:

$$\text{FBT Payable} = \text{Purchase Price} \times \text{Statutory Rate} \times \text{Gross Up Factor} \times \text{FBT Rate}$$

Purchase Price = Cost price of vehicle (excluding stamp duty, registration and fleet discount but including dealer delivery and GST).

Statutory Rate = refer to the following page

Gross Up Factor = 2.1463 for Leases where GST is payable
1.9608 for Leases where GST is not payable

FBT Rate = 49% (this will change to 47% for FBT year 2017-2018)

Example:

Purchase Price of Vehicle: \$25,000.00

Distance travelled: 16,000. Kms → Statutory Rate = 20%

Lease Type: Novated

FBT Payable = \$25,000.00 x 20% x 2.1463 x 49%
= \$5258.44

DISCLAIMER

The information supplied on this page is provided as an information guide only. It contains Remunerator (Aust) Pty Ltd ACN 074 423 966 interpretation of the current Tax Legislation which is subject to change at any time without notice and should not be relied on as a substitute for legal or other professional advice. Example uses income tax rates effective 1st July 2016.

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Statutory Rate

A flat statutory rate of 20% applies (subject to transitional rules), regardless of the distance travelled, to all car fringe benefits you provide after 7.30pm AEST on 10 May 2011 (except where there is a pre-existing commitment in place to provide a car).

The statutory percentages for car fringe benefits provided before 7.30pm AEST on 10 May 2011, or where you have a pre-existing commitment in place to provide the car after this time, are as follows:

Total kilometres travelled during the year	Statutory percentage
Less than 15,000	26
15,000 to 24,999	20
25,000 to 40,000	11
More than 40,000	7

You can continue to use these statutory rates for all pre-existing commitments unless there is a change to that commitment.

Transitional arrangements and rates

The move to one statutory rate of 20% will be phased in over four years. There will be transitional arrangements that apply to any new commitments entered into from 10 May 2011 to 31 March 2015. Where there is a change to a pre-existing commitment these transitional arrangements will also apply. The following statutory rates should be used:

Total kms travelled during FBT year	Statutory rate			
	From 10 May 2011	From 1 Apr 2012	From 1 Apr 2013	From 1 Apr 2014
Less than 15,000	0.20	0.20	0.20	0.20
15,000 to 25,000	0.20	0.20	0.20	0.20
25,000 to 40,000	0.14	0.17	0.20	0.20
More than 40,000	0.10	0.13	0.17	0.20

Skipping the transitional arrangements

For any new commitments entered into during this period, you can choose to skip the transitional arrangements and apply the 20% statutory rate; however, this choice is subject to certain conditions mentioned below.

You cannot skip the transitional arrangements where an employee would be worse off as a result of this choice. That is, the employee cannot be placed at a direct financial disadvantage as a result of this choice, unless you have obtained the consent of the employee.

For example, you cannot require an employee to bear the financial impact of skipping the transitional arrangements by charging the employee a higher salary packaging amount as a result of an increase in FBT payable merely to save on compliance costs, unless you have obtained the consent of the employee to do so.

The choice to skip the transitional arrangements is on a car-by-car basis.

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