



Tax

# Fringe Benefits Tax

## Risk assessment checklist

# Fringe Benefits Tax

## What do I need to consider?

We have prepared a checklist below to get you started on your FBT compliance.

This is a handy practical checklist that you can fill out and include in your compliance records. Please note that the information provided below is current as at the date of preparation of the checklist in March 2025. Here are the top 10 risk areas that employers should consider.

If you would like our assistance, please complete the Checklist and return a copy to a member of the Employment Taxes team for discussion.

### Top 10 FBT Risk areas :

- ▶ Work from home expenses
  - ▶ Cars (in general)
  - ▶ Electric cars
  - ▶ Living expenses
  - ▶ Living-Away-From-Home Allowance (LAFHA) vs Travel Allowance vs Relocation Expenses
  - ▶ Entertainment (in general)
  - ▶ Entertainment (not-for-profit)
  - ▶ Employee vs Contractors
  - ▶ Expense Payments Benefit
  - ▶ Exemptions
- 



## 1. Work from home expenses

Has the organisation provided employees with items to allow them to work from home?

Yes No N/A

**Common items provided includes:**

- ▶ Portable electronic devices:
  - Laptops, mouse and keyboards
  - Tablets and mobile phones
- ▶ Other:
  - Monitors and computer consumables
  - Stationery
- ▶ Telephone or mobile phone reimbursements
- ▶ Internet access or reimbursements of home internet

Comments:

Is your organisation reviewing all the work from home benefits provided to consider the FBT implications?

Yes No N/A

**NB:** FBT may not apply where an exemption applies; or the items have 100% business use; or the items are minor benefits under \$300 and provided on an infrequent or irregular basis.  
We recommend that you consider your circumstances and document such basis where applicable.



Comments:



## 2. Cars (in general)

Have you considered whether a vehicle that was provided to an employee by you was garaged/parked at, or near, their home at times during the FBT year (1 April to 31 March)?

Yes No N/A

Comments:

Have you checked whether the vehicle can be classified as a 'car' for FBT purposes? Is the designed load capacity of the car < 1 tonne?

Yes No N/A

Comments:

Have you considered the different requirements for statutory method vs operating cost method?

Yes No N/A

Comments:

Have you considered the days when a vehicle is available to your employee for private use (e.g. does the employee hold, or have access to, the keys to the car even when they are not working)?

Yes No N/A

Comments:

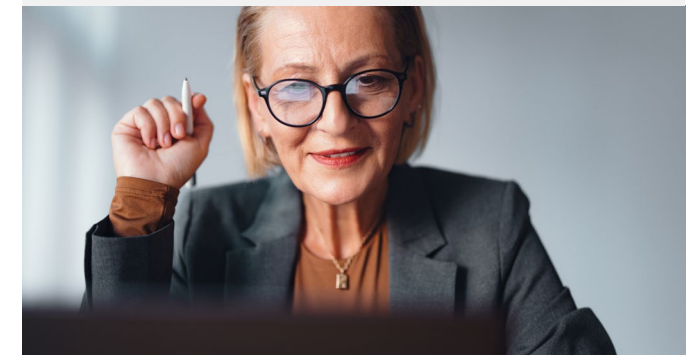
Is the vehicle provided to your employee as part of a salary sacrificed arrangement? Does the employee make contributions to you for the vehicle? Are these contributions post-tax?

Yes No N/A

Comments:

### Common issues include:

- ▶ *Statutory method: The **base value** of a vehicle (for FBT) is calculated differently compared to the **cost base** of a vehicle (for income tax).*
- ▶ *Operating cost method: Is your employee's log book valid (i.e. 12 continuous weeks, <5 years old, inclusion of all required information including details of business use, etc)?*



### 3. Electric cars

Have you provided an electric car to an employee for private use during the FBT year?

Yes No N/A

Comments:

Are your employees charging the vehicle by using a charging station at their home? And are you providing any support or benefit to assist with the employee's electricity costs (whether by way of reimbursements, allowance or salary sacrifice arrangement)?

Yes No N/A

**NB:** An exemption from FBT is available for electric cars (subject to certain conditions). There are some risk areas to consider – for example, having required documents to calculate an employee's reportable fringe benefit amount (for reporting purposes on the employee's Income Statement).

Comments:

### 4. Living expenses

Is your organisation engaging persons who are not living at their usual place of residence, and paying for some of their living expenses?

Yes No N/A

Comments:

Do the payments include meals and accommodation? Are the payments less or equal to the reasonable amount(s) as set out by the ATO in their annual tax determination?

A fringe benefit may arise if the payments do not meet the requirements of the exemptions.

Yes No N/A

Comments:



### 5. Living-Away-From-Home Allowance (LAFHA) vs Travel Allowance vs Relocation Expenses

Do you have employees staying away from their usual place of residence (for work purposes) for continuous days? Do you have a record of the duration of their stay and location (less than 21 days, no more than 90 days in total in the FBT year at the one location)?

Yes                      No                      N/A

Comments:

If yes to the previous question, have you done any of the following:

▶ Paid an allowance to the employee in relation to the travel?

Yes                      No                      N/A

▶ Paid for their expenses in relation to the travel (accommodation, meals and incidentals)?

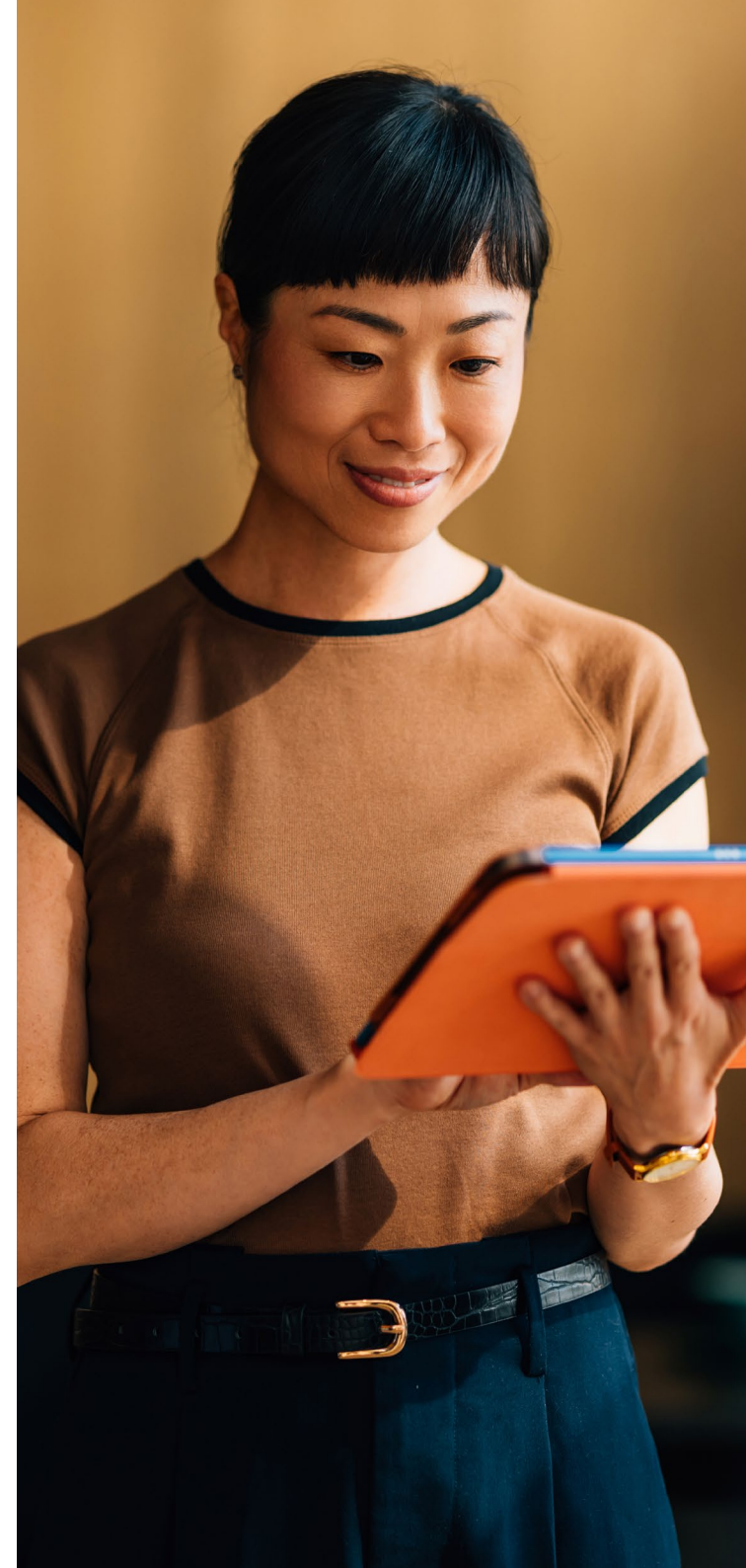
Yes                      No                      N/A

▶ Reimbursed your employees for their expenses in relation to the travel?

Yes                      No                      N/A

*For FBT purposes, there is a distinction when an employee is deemed to be 'travelling for work', 'living away from home' or 'relocated'. The corresponding FBT treatment is dependent on this classification. We recommend that you consider your circumstances and document such basis where applicable.*

Comments:



**6. Entertainment (in general)**

Have you provided food or drink or recreation to employees?

Yes No N/A

If so, have you considered whether this amounts to entertainment, and the FBT implications?

Yes No N/A

*In order to determine whether food and drink amounts to entertainment, it is necessary to consider why it was provided, what was provided, and when and where it was provided. These principles are used to then determine whether the food and drink provided has amounted to meal entertainment and therefore potentially subject to FBT, or not.*

Comments:

**7. Entertainment (not-for-profit)**

Is your organisation a not-for-profit (NFP) organisation? Are you an FBT-exempt or FBT-rebatable employer?

Yes No N/A

Some common risk areas to consider:

- ▶ Do you provide your employees with a meal entertainment card under a salary packaged arrangement? Check whether you are using the correct calculation method and applying capping thresholds?

Yes No N/A

- ▶ Are you an income tax-exempt body (whether wholly or partly)? Have you provided food or drink or recreation to employees? Please refer to the section on 'Exemptions' and work through the relevant questions?

Yes No N/A

Comments:

**8. Employee vs Contractors**

Are you engaging individuals (contractors) to perform a service/work for you?

Yes No N/A

If yes, have you considered whether the individuals are employees for tax purposes?

Yes No N/A

*Having a written contract with an individual for the performance of work does not necessarily make the individual a contractor, nor does it remove an employers' obligations. You will have the usual employer obligations (eg FBT, super guarantee, PAYG withholding) if the individuals are employees at common law. Further, the individual may be considered an employee under the extended definition in the superannuation guarantee law, where principally engaged for their labour.*

Comments:

## 9. Expense Payments Benefit

Are you providing expense payment fringe benefits for employees? Expense payment benefits can be a reimbursement of a private expense for an employee or a payment to a third party on their behalf. Some common examples are:

Yes                      No                      N/A

**Common items provided includes:**

- ▶ Private health insurance premiums
- ▶ Gym membership
- ▶ Rent and utilities
- ▶ School fees
- ▶ Motor vehicle running costs
- ▶ Salary packaged debit card to pay for general living expenses.

Comments:





## 10. Exemptions

Do you have exemptions to consider?

Yes No N/A

*There are a number of FBT exemptions available to employers (subject to certain conditions being satisfied).*

*Opposite are some practical questions to consider in relation to a few common exemptions:*

Comments:

### Minor benefit exemption

Are you considering applying the minor benefit exemption?

Yes No N/A

Now that you have identified the benefits that have a notional value of less than \$300 per benefit per employee, have you considered the following:

- ▶ Have you provided the same (or a similar benefit) more than once to the same employee?

Yes No N/A

- ▶ If yes, how often?

Are you a tax-exempt body? Are you seeking to apply the minor benefit exemption to entertainment benefits?

Yes No N/A

*For a tax-exempt body, the minor benefit exemption is only available in limited circumstances (ie not for profit entities)*

### On business premises property benefit exemption

Are you considering applying the exemption to a benefit that was consumed by your employees on a working day on your business premises?

Yes No N/A

There are restrictions to applying this exemption. Have you considered the restrictions? For example, this exemption is not available to associates of employees.

Yes No N/A

### Work related exemption

Have you provided an employee an 'eligible work related item' (whether by providing the physical item or by way of reimbursing your employees), where:

- ▶ The item is primarily used in the employee's employment

Yes No N/A

*Please note that an eligible work related item can include a portable electronic device, computer software, protective clothing, briefcase, or a tool of trade.*

Comments:



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