



ATO's new guidelines for FBT exemption on vehicles

The ATO has released draft guidelines to eliminate confusion and more closely define FBT exempt benefits for certain work vehicles and their private use.

Guidelines will be enforceable from the 2019 FBT year. Employers could be forced to pay a 20 per cent FBT compulsory tax payment on the cost of the vehicle if they fail to comply.

Employers who make a vehicle they hold available to their employees for work related or private use may fall within the scope of the ATO's new fringe benefit guidelines. This fringe benefit may only remain an exempt benefit if other private use of the vehicle is minor, infrequent and irregular.

Private and non-private use

The ATO has determined that the vehicle cannot deviate more than two kilometres from its usual route to and from work if it is to avoid being classified as private travel. The reason being that any deviations larger than two kilometres mean the primary purpose of the trip is no longer work-related. Collecting the mail before work, adding 500 metres to the route, is not considered private travel. Attending sports training after work, deviating five kilometres, is private travel.

Private travel of up to 1000km is permitted per FBT year provided that there is no single return trip exceeding 200km. A trip to visit the relatives or purchase groceries will not leave the employers non-compliant so long as their employees record the as trip private travel.

Travel undertaken with a passenger, like dropping a child off to school before work, is also considered private travel.

Logbook requirements

Employers must also ensure their workers keep detailed logbooks with regard to their use of their vehicles. Regardless of whether the logbook is electronic or not, the distance of the journeys must be recorded every time the vehicle is used for wholly private purposes. The records must be emailed to employers before the end of the FBT year.

Eligible Vehicles

Check the ATO to see if your vehicles are eligible. Keep in mind that these guidelines have recently changed to include single and dual cab utes.

Different factors may also need to be considered depending on the type of business or your personal situation. If you have any questions at all in relation to this or other business related exemptions, please give the team at Evans Edwards Accountants | Auditors | Business Advisors a call to see how we can help you.

A tailored approach for each business is recommended so call us for assistance and advice on 4927 4588 (Rockhampton) or 4939 1766 (Yeppoon) to see how we can help.

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