

New FBT rates for year starting 1 April 2011

The Australian Tax Office has released new Fringe Benefits Tax rates and thresholds commencing on 1st April 2011. This fact sheet outlines the changes and what that means for your business.

The Base Year and Exemption Threshold

Certain conditions must be satisfied for record keeping exemption arrangements to apply to an employer in an FBT year. These include:

- A base year needs to be established;
- During the base year the FBT year immediately before the current year the employer hasn't received a notice from the Commissioner requiring the employer to resume record keeping;
- The employer's aggregate FBT amount in the base year does not exceed the exemption threshold.

The exemption threshold for the FBT year commencing 1 April 2011 is \$7,391.

Indexation factors for non-remote housing

The indexation factors for the purpose of valuing non-remote housing for the FBT year commencing 1 April 2011 are:

State	Index Factor
New South Wales	1.049
Victoria	1.042
Queensland	1.034
South Australia	1.041
Western Australia	1.037
Tasmania	1.036
Australian Capital Territory	1.043
Northern Territory	1.076

Cents per kilometer basis for private use of motor vehicles other than a car

If your employees are entitled to use a motor vehicle other than a car, such as a motor cycle, a residual benefit is taken to have arisen and there are different methods to value such a benefit.

One method of valuing the benefit is to multiply the number of private kilometres travelled by employees in a vehicle during a year by a cents-per-kilometre rate, which can only be used



where there is extensive business use of the vehicle. The rates from 1 April 2011 are:

Engine capacity	Rate per km
0 – 2500cc	46 cents
Over 2500cc	55 cents
Motorcycles	14 cents

Benchmark interest rate

The benchmark interest rate for the FBT year commencing on 1 April 2011 is 7.80% per annum.

The interest rate is used to calculate the taxable value of:

- A fringe benefit provided by way of a loan, and
- A car fringe benefit where an employer chooses to value the benefit using the operating cost method.

More information

Fringe benefits tax is a complex reporting requirement. For more information or guidance on FBT, contact us on 02 9957 4033 or email us at enquiry@batescosgrave.com.au

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