

Fringe Benefits Tax 2022 Compliance Guide

Your guide to what's changed in FBT.

The current 2022 FBT year and FBT returns are due for lodgement and payment on 21 May 2022 (or 25 June 2022 for tax agents that lodge electronically).

Providing non-salary benefits to employees can be a tax effective way of rewarding and retaining employees. However FBT rules should always be considered first and are often highly complex.

Our annual compliance guide provides a concise on the key rates, thresholds, law and policy updates you need to know when approaching the FBT returns for your company.



- Key rates & thresholds
- Law & policy updates
- Key benefits
- Covid-19 impact
- ATO & High Court rulings
- Compliance measures

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FBT GUIDE HIGHLIGHTS



1. FBT rates and thresholds have not changed for the year ended 31 March 2022. (pg 5)

The FBT rate for the 2021/2022 FBT year of 47% is currently the same as the highest individual marginal income tax rate of 45% and Medicare Levy of 2%.

2. FBT law and policy updates: (pg 6)



a) Travel related benefit. (pg 6)

Several rulings and guidance have been finalised in 2021 to assist in determining whether accommodation, meal or travel expenses are eligible to be categorised as work related expenses and the taxable value could be reduced under the 'Otherwise Deductible Rule'.



b) Car benefit (pg 8)

Many employers-provided cars which were garaged at the employees' homes for extended periods during the lockdown period. The ATO has agreed that upon satisfying certain conditions, an employer can be exempted from FBT for providing a car to an employee.



c) Car parking benefit (pg 10)

The Taxation Ruling (TR 2021/2) on deductibility of car parking benefit will apply from 1 April 2021 which will give major changes on the definition of commercial car parking.



d) Meal and entertainment (pg 11)

The ATO has issued a COVID-19 and fringe benefits tax factsheet (QC 63467) which discussed the common benefits provided by the employer in response to COVID-19 situation, any FBT implications towards these benefits and the applicable FBT concessions.



e) Retraining/ reskilling staff (pg 12)

A new rule was gazetted on 30 June 2021 to provide specific FBT exemption for eligible benefits provided for retraining / reskilling redundant or soon to be redundant employees provided on or after 2 October 2020.



f) Small business FBT exemption expanded (pg 13)

From 1 April 2021, the threshold for business entities to access small business concessions has substantially increased to \$50 million, allowing larger employers to access certain FBT concessions, including multiple work-related devices exemption and car parking exemption.

FBT GUIDE HIGHLIGHTS (CONT)



3. Continued impact of COVID-19 on FBT liabilities (pg 14)

In response of the COVID-19 situation, there are many rulings issued to alleviate the burden of business from FBT liabilities and clarify the treatment of certain benefits, including:

- COVID-19 testing,
- Vaccine incentives and rewards,
- Working from home arrangements,
- COVID-19 protective items,
- Entertainment.



4. Other FBT updates (pg 17)

There have been recent development in the class rulings and court decisions in respect of various FBT issues, including:

- The ATO's position of FBT treatment of provision of electric bicycles to employees
- Recent High Court decisions on worker classification



5. FBT compliance measures (pg 18)

In the recent years, the ATO has increased FBT compliance measures in FBT audit, the substantiation rule and the non-cash benefits provided to terminating employees.



1.KEY FBT RATES & THRESHOLDS

The following rates and thresholds apply for the FBT year 1 April 2021 to 31 March 2022 (2022 FBT year):

FBT rate	47% (no change)
Type 1 gross-up rate	2.0802 (no change)
Type 2 gross-up rate	1.8868 (no change)
Gross up rate for payment summary purposes	1.8868 (no change)
Car parking threshold	\$9.25 (up from \$9.15)
Motor vehicle (other than cars) cents per kilometre rates	0-2,500cc – 56c (no change) Over 2,500cc – 67c (no change) Motorcycles – 17c (no change)
Statutory benchmark interest rate	4.52% (down from 4.8%)
Capping of concessional FBT treatment for certain employers	Public benevolent institutions and health promotion charities – FBT exemption capped at \$30,000 (no change) Public hospitals, non-profit hospitals and public ambulance services – FBT exemption capped at \$17,000 (no change) Rebatable employers (certain registered charities, non-government and non-profit organisations) – FBT rebate capped at \$30,000 (no change) Note: The above caps do not include the separate \$5,000 cap for salary packaged meal entertainment and entertainment facility leasing expenses that has applied since 1 April 2016.
Reasonable food and drink amounts for employees living away from home in Australia	One adult - \$283 per week (up from \$276) Two adults - \$425 per week (up from \$414)

2. FBT LAW & POLICY UPDATES



a) Travel related benefit

The following rulings / guidance relating to employee travel expenses and employee living-away-from-home (LAFH) expenses and allowances were finalised in 2021:

- TR 2021/1 – Income tax: when are deductions allowed for employees' transport expenses?
- TR 2021/4 – Income tax and fringe benefits tax: employees: accommodation and food and drink expenses, travel allowances and living-away-from-home allowances, and
- PCG 2021/3 – Determining if allowances or benefits provided to an employee relate to travelling on work or living at a location – ATO compliance approach.

Food and drink and Accommodation Expenses

Generally, employee's accommodation, food and drink expenses are considered private or domestic in nature and not deductible. However, where the accommodation and food and drink expenses are incurred as a result of employee travels and stays away from their usual residence overnight for work ('travelling on work'), these expenses will generally be under s8-1 of ITAA 1997.

There are several types of work travels, such as whether the employee is considered travelling on work, or living away from home (LAFH) or relocated to a new workplace. Depending on the type of the travels, different FBT concessions may apply as follows:

- Travelling (overnight) on work: expenditure can be reduced through 'otherwise deductible rule'.
- LAFH: may not be deductible under 'otherwise deductible rule' however FBT concession under s30 may be available.
- Relocated: may not be deductible under 'otherwise deductible rule' however some limited FBT concession may be available.

TR 2021/4 reiterates that overnight stay is a mandatory requirement for deductible accommodation, food and drink expenses. Clarification is also provided in TR 2021/4 that family accompaniment does not default to a living at a location conclusion.

TR 2021/4 explains the FBT implication where an employee is reimbursed for accommodation and food and drink expenses, or where the employer pays or provides for these expenses.

PCG 2021/3 provides the 'rule of thumb' on the criteria of travelling on work. The guidance clarifies the potential to reset the 21-day count for travel to other work locations, or travel back home. In addition, the guidance now also applies the 90-day threshold on a FBT year basis.

It should be noted that the PCG 2021/3 should be used as a guidance and not a definitive ruling.

Therefore, it is necessary for the whole circumstances to be assessed thoroughly to determine whether the travel is considered travelling (overnight) on work.

The ATO has suggested that the TR 2021/1 and PCG 2021/3 are to be observed in conjunction with each other.

2. FBT LAW & POLICY UPDATES

a) Travel related benefit (Cont.)

Transport related expenses

The analysis for the transport expenses and accommodation and meal expenses should be done separately as each benefit may have different tax treatment under the FBT regime.

It is generally accepted that the travel to work (between home and regular workplace) is not deductible. However, TR2021/1 outlines some exceptions to this general rule and allows the transport expense to be deductible using the 'otherwise deductible rule'.

One of the common scenarios where the employees are required to work concurrently at two or more geographically distant workplace for the same employer, the cost of transport to another workplace is deductible under 'otherwise deductible rule' if the overnight stay is required, the transport expense is incurred due to practical demands of carrying out of work duties and not by employee's choice.



2. FBT LAW & POLICY UPDATES



b) Car benefit

To provide a general overview of what constitutes a 'car benefit' for FBT purposes, a 'car' is a vehicle with a carrying capacity of less than 1 tonne that is designed to carry fewer than 9 passengers. To be deemed a 'car fringe benefit' the vehicle must be 'held' by an employer. A car is held by an employer when they either own the car, lease the car or otherwise make the car available to an employee.

Notwithstanding the above, for a car fringe benefit to arise the vehicle must be used or deemed available to be used for the private use of an employee. It is critical to note that this can include the car being kept at the place of residence of an employee, kept at a place other than the business premises where the employee can use it for private purposes and any situation where the car is off business premises and the employee has control of the car and is using it for reasons outside their employment.

Should the above conditions be met, the employer is providing a car fringe benefit and can access the specific concessional valuation rules – Statutory formula method & Operating cost method. Indeed, the Statutory formula method is the common option adopted as the Operating cost method requires employees to maintain a 12-week logbook. Furthermore, when private usage is high, the latter method tends to produce a higher taxable value.

Cars garaged at business premises during COVID-19 restrictions

Changes in the use of cars provided by employers to employees over the last year may affect the method that an employer chooses to calculate FBT. Where a car was returned to the employer's business premises, the employee could not gain access to the car and the employee had relinquished access to use the car for private purposes, the ATO accepted that during periods of COVID-19 restrictions, the car would not be available for private use and there would be no FBT payable.

Cars garaged at the employee's home during lockdown of COVID-19

Generally, if a car is garaged at, or near the employee's home it is considered to be available for private use (except for certain types of vehicles including taxis, panel vans or utility vehicles designed to carry less than one tonne), provided the private use is limited to travel between home and work, incidental travel in the course of performing employment duties and non-work use that is minor, infrequent and irregular.

The COVID-19 induced lockdowns saw many employers provided cars garaged at home for extended periods for safety reasons. As a result, the ATO have revealed that an employer does not hold a car for the purposes of providing fringe benefits to an employee (subject to certain conditions) when it is garaged at an employee's home and not driven as a result of COVID-19 restrictions.

Where a car has not been driven, or has only been driven for maintenance purposes, the ATO has accepted that the car is not being used, accordingly, this should reduce the taxable value to nil and there is no FBT liability.

2. FBT LAW & POLICY UPDATES

b) Car benefit

To gain access to this concession, employers must satisfy the following conditions:

- Operating cost method must be used to value any car fringe benefits that arise in relation to the car during the FBT year.
- The employer must elect in writing to use the operating cost method.
- The car was garaged at the employees' home for all or part of the FBT year.
- During the period the car was in 'storage' at the employees' home, it was not driven at all or was only driven briefly for maintenance purposes.
- Odometer records must be maintained as evidence.

Ultimately, many employers will be forced to alter their valuation method to the operating cost method as it is a mandatory requirement to access this concession.

Where a car is being driven, but for business purposes, then the private use can be reduced by the business use percentage, resulting in the taxable value reduced to nil. Taxable value can only be reduced if appropriate records are kept establishing usage.

There is no requirement for a new logbook if it is not a logbook year. Where there is a logbook for the period the car is being garaged at home, eg during a period of COVID-19 restrictions, the logbook, odometer records and any changes in car usage must be considered to work out the appropriate business use percentage.



2. FBT LAW & POLICY UPDATES

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c) Car parking benefit

Section 39A of the Fringe Benefits Assessment Act 1986 (FBT Act) sets out the conditions for a car parking benefit to arise. Broadly, car parking benefit arises on a particular day when, between 7.00am-7.00pm:

- a car is parked at a work car park for the minimum parking period,
- an employee uses the car in connection with travel between their place of residence and primary place of employment at least once on that day,
- the work car park is located at or 'in the vicinity of' the primary place of employment, on that day,
- a commercial parking station is located within a one kilometre radius of the work car park used by the employee,
- the 'lowest representative fee' charged by any commercial parking station for all-day parking within a one kilometre radius of the work car park exceeds the car parking threshold (the threshold for 2022 FBT year : \$9.25),
- the parking is provided to the employee in respect of their employment, and
- the parking is not excluded by the regulations (for e.g. car space provided to a disabled employee with a valid disabled person's parking permit displayed).

For a parking facility to be considered a "commercial parking station", it must provide all-day parking in the ordinary course of its business to members of the public and charge a fee. The facility must be permanent in nature, not a metered parking on a street or road.

Previously, the ATO accepted that a car parking benefit did not arise if the only parking facility within a one-kilometre radius was a shopping centre or similar facility that charged a penalty rate designed to discourage all-day parking.

However, following the recent court decisions in the Qantas Airways Ltd cases, the courts have overturned this understanding, so that any alternative paid parking would trigger the liability. These decisions were reflected in TR 2021/2.

As a result of the new ruling, car parking facilities located at shopping centres, hospitals, hotels, universities and airports may now be considered commercial parking stations if the car parking charge rate is above the car parking threshold (the rate for 2022 FBT year is \$9.25).

The change of the ATO interpretation will mainly affect employers who are in suburban areas. Employers may potentially be required to pay FBT on car parking benefits provided to employees if there is a shopping centre or hospital located within a one-kilometre area of the car parking facility provided to employees.

This new rule will start on 1 April 2022 (i.e. the 2023 FBT year). Affected employers should review the current car parking benefit arrangement and employees' remuneration packages (e.g. to determine if they should be paying an allowance which will be subject to PAYG Withholding rules instead of providing a car parking benefit to avoid FBT exposure).

Based on the latest development, a media release was published by the ATO on 29 March 2022 for a consultation to identify appropriate modifications to the definition of "commercial parking station" with a view to restoring the previously-understood interpretation. Once finalised, the new definition will apply to car parking fringe benefits provided from 1 April 2022.



2. FBT LAW & POLICY UPDATES



e) Retraining/ reskilling staff

Generally, FBT is payable if the employer provides training to a redundant or soon to be redundant employee, especially where the training provided has no sufficient connection with the existing employment.

The new S58ZE of FBT Act 1986 received Royal Assents on 30 June 2021. Under the new rule, specific exemption for eligible benefits provided for retraining / reskilling redundant or soon to be redundant employees provided on or after 2 October 2020 will be exempted from FBT.

For the exemption to apply, the benefit must be provided for education or training undertaken by an employee, which covers:

- the provision of the education or training (e.g., reimbursing or paying course fees or giving training); and
-
- benefits associated with the education or training (e.g., related course materials, textbooks, travel and accommodation).

The new S.58ZE exemption can only apply to benefits provided to employees (including current, former and future employees). It will not apply in respect of benefits provided to an employee's associate (e.g., an employee's spouse).

This exemption will not apply to the benefit provided under salary packaging arrangement, benefits relating to Commonwealth support such as HELP or HECS or benefits provided to certain related employees.

As the new rule was gazetted after the lodgement due date for 2021 FBT return, those who have already lodged their 2021 FBT return and paid FBT owing can amend their 2021 FBT return to reduce the FBT paid for retraining and reskilling. Relevant supporting documents and evidence must be available to support the amendment.

2. FBT LAW & POLICY UPDATES



f) Small business FBT exemption expanded

From 1 April 2021, the threshold for business entities to access small business concessions has substantially increased to \$50 million. Previously, a business will only be eligible for the small business FBT concession if the aggregate turnover is less than \$10 million (period from 1 April 2017 to 31 March 2021). Under the new threshold, a business that did not qualify as a small business entity (SBE) previously could potentially qualify for the FBT concessions from 2022 FBT year.

Businesses that qualify as a SBE are able to access certain FBT concessions, including:

- Multiple work-related devices exemption;
- Car parking exemption

Multiple work-related devices exemption

Broadly, FBT exemption for work-related items will apply where an employer provides an employee with an eligible work-related item, or the use of an eligible work-related item and the eligible work-related item is primarily for use in the employee's employment. These include portable electronic devices, computer software, protective clothing, briefcases and tools of trade.

The exemption is limited to just one of each of these items where it carries out a substantially identical function. The only exception is if the item is a replacement for another lost or damaged item.

From 1 April 2021, the turnover threshold to determine if an employer can access this exemption increases to \$50 million for an income year that ends or starts in the relevant FBT year. This allows larger employers to be able to access this FBT exemption.

Car parking exemption

Car parking benefits provided by an employer who is a SBE are exempt from FBT, if:

- the car is not parked at a commercial car park,
- the employer is not a government body, a listed public company, or a subsidiary of a listed public company,
- for the last income year before the relevant FBT year, the employer is covered by one of the following:
 - gross total income was less than \$10 million;
 - turnover was less than \$10 million (or \$50 million from 1 April 2021).





3. CONTINUING IMPACT OF COVID-19 ON FBT LIABILITIES

a) FBT on COVID-19 testing

Whether FBT applies to COVID-19 testing under the current law, depends on how and where the tests are provided and their frequency and purpose.

A work-related medical screening exemption applies if specific requirements are met, including if the testing is carried out by, or on behalf of a legally qualified medical practitioner or nurse, and is available to all employees. An employer simply providing rapid antigen tests (RATs) to an employee would not normally fall within this exemption.

Minor benefits exemption will only apply if RATs are provided on an infrequent or irregular basis, and the total value of the tests provided to an employee during the year does not exceed \$300.

The otherwise deductible rule might also apply if the employee is travelling on work, the test is required by the destination jurisdiction or state and for the employee to return to Australia or their home state or territory.

A new law was passed on 4 April 2022 to allow an income tax deduction for individual taxpayers who incur relevant COVID-19 testing expenses in gaining or producing their assessable income. The expenses must be incurred in respect of a COVID-19 test with the purpose of determining whether the taxpayer should attend their place of work. To qualify, the test must be one that is:

- polymerase chain reaction (PCR) test for testing COVID-19; or
- test that is included in the Australian Register of Therapeutic Goods for testing COVID-19 (such as an approved rapid antigen test).

To claim the deduction under the amendments, taxpayers must meet the general substantiation requirements. Employers that provide relevant COVID-19 testing to employees in the course of their work will not incur FBT liability.

b) Vaccine incentives & rewards

The ATO has recently published the COVID-19 vaccination incentives and rewards – your tax and super obligations factsheet which outlines guidance on the tax and superannuation consequences for providing employees with incentives or rewards for having their COVID-19 vaccinations or booster dose.

The FBT implications will depend on how the vaccine incentive are being provided by the employer, such as cash payment, paid leave or non-cash benefit.

Based on the factsheet, if employer provide or pay for an employee's transport to get their COVID-19 vaccination, there is generally no FBT. The travel is associated with work-related preventative health care and is exempt from FBT.

3. CONTINUING IMPACT OF COVID-19 ON FBT LIABILITIES

c) Working from home arrangement

Where employees are provided with support equipment to help them work from home, these will generally be fringe benefits. However, there are exemptions that may apply: There are also other instances where the otherwise deductible rule may apply.

Minor benefits exemption and otherwise deductible rule

For a benefit under \$300 and it is a “once-off” provision of office equipment (for eg monitors, computer mouse and keyboards) to set up a working from home arrangement, minor benefits exemption may apply as the ATO will generally accept that as infrequent and irregular.

The “otherwise deductible” should also be considered for office equipment provided for work purposes. Under this rule the taxable value for certain benefits may be reduced by the amount that the employee would be entitled to claim as a deduction in their income tax return had they incurred the expense themselves.

Ongoing work from home arrangements

The ATO recognises that with longer term ongoing working from home (WFH) arrangements, equipment loaned to employees to support these arrangements are unlikely to meet the FBT exemption that applied to temporary (WFH) arrangements, ie in terms of the equipment being ordinarily located on business premises.

However, the equipment might still be exempt if it is provided solely for WFH. It is important for the equipment provided to subject to a consistently enforced company policy in terms of WFH and how it is used at home. As long as the equipment is used strictly for work or with some incidental private use, the ATO generally will accept that the requirements of the exemption are met. If the equipment is provided for alternate purposes, or if the employee does end up using it significantly for private purposes, this will need to be apportioned and a declaration and evidence will be required in terms of the work-related use.

d) Covid-19 protective items

Generally items provided by an employer to employees to help protect them from contracting COVID-19 while at work are subject to FBT. These include:

- gloves
- masks
- sanitisers
- anti-bacterial spray.

However, these benefits are exempt from FBT under the emergency assistance exemption if employer provide them to employees:

- who have physical contact with or are in close proximity to customers or clients while carrying out their duties, or
- are involved in cleaning premises.

Examples of this type of work include:

- medical (such as doctors, nurses, dentists and allied health workers)
- cleaning
- airline
- hairdressing and beautician
- retail, café and restaurant.

If the employees’ specific employment duties are not of the kind described above, the minor benefits exemption may apply provided employer provide an employee with minor, infrequent and irregular benefits under \$300.

3. CONTINUING IMPACT OF COVID-19 ON FBT LIABILITIES

e) Entertainment

The ATO expects to see lower levels of entertainment than normal because of the continued impact of COVID-19 over the past year. This will in turn impact which method employers may want to elect to work out their fringe benefits, eg 50:50 split method or actual cost method.

The key point to note is that if the 50:50 method is being used, other exemptions like the minor benefits exemption cannot be factored in. Depending upon the nature and frequency of the benefit that has been provided, employers may want to review and change the method they might ordinarily use for calculating the taxable value of entertainment benefits.

Another change is the extension of the ATO's compliance approach for not-for-profit salary packaging in relation to entertainment. The ATO indicated they will not apply compliance resources to scrutinise expenditure under these arrangements for the FBT year ending 31 March 2022 for meals provided by a supplier that was authorised as a meal entertainment provider from 1 April 2021, and while restaurants and public venues were required to be closed to dine-in service due to a COVID-19 state public health order.

Furthermore, the ATO has confirmed that no FBT will be payable if employers incurred non-refundable costs for cancelled events the employees were due to attend, due to:

- the arrangement was between the employer and the event organisers, not the employees, and
- the employer has not provided any fringe benefits to employees as they did not get to attend the event.

However, the employer may have to pay FBT if the employees were required to pay for their attendance at the cancelled event and the costs are reimbursed by the employer. This would give rise to an expense payment fringe benefit, unless the otherwise deductible rule applies.





4. OTHER FBT UPDATES

a) Electric bicycles (e-bikes) and FBT

E-bikes are seen to have become increasingly popular in recent years. An e-bike would not satisfy the definition of a 'car' as noted under the above 'car benefit' paragraph, accordingly provision of a e-bike by an employer to its employee would not give rise to a 'car fringe benefit'. Instead, this benefit would likely constitute a residual fringe benefit, according to Class Rulings, CR 2020/12 and CR 2020/68.

The ATO have also confirmed in CR 2015/80 that the provision of an e-bike to an employee as a residual fringe benefit can potentially be an exempt benefit under S 47(6) if the private use of the e-bike is restricted to:

- Travel to and from work
- Use that is incidental to travel in the course of performing employment-related duties; and
- Other private use that is minor, infrequent and irregular.

b) Recent High Court decisions on worker classification

FBT is a tax payable by employers who provide fringe benefits to their employees or to associates of their employees. This is the case whether or not the employer is the actual supplier of the benefit or under an arrangement with a third party.

As a general rule, employer is not liable for FBT on payments made or benefits provided to independent contractors.

The High Court recently handed down the following 2 decisions on the classification of "employee" and "independent contractor":

- Construction, Forestry, Maritime, Mining and Energy Union v Personnel Contracting Pty Ltd [2022] HCA 1, &
- Operations Australia Pty Ltd v Jamsek [2022] HCA 2.

The High Court has confirmed the importance of contractual terms in employment relationships and the decisions are important and relevant for FBT in terms of the fringe benefits provided.



5. FBT COMPLIANCE MEASURES

In the recent years, the ATO has increased the FBT compliance measures as follows::

a) FBT Audit

The ATO have identified that significant FBT compliance issues exist for the small and medium business segment, who are estimated to be paying far less FBT than the ATO has estimated. Accordingly, the ATO has released a number of guidance and educational products to provide clarification and guidance. The ATO is committed to use data and analytics to identify high risk employers, in order to continue its compliance program.

The ATO's audit selection process and audit approach continue to become more sophisticated with further advances in technology. Key components of the ATO's audit selection process including analysing information reported by employers in their annual income tax return, and other information gathered through the ATO's data matching programs. It is therefore important for the employer to ensure that they go through the relevant accounting information (eg general ledger) and the disclosures on the income tax returns to identify if any fringe benefits have been provided and reported correctly.

b) Substantiation rule for using 'Otherwise Deductible Rule'

Under the administrative concession, the employer could utilise the 'otherwise deductible rule' to reduce the taxable value of expense payment benefit up to the amount \$50 per employee per FBT year without substantiation.

If the payment exceeds \$50, a receipt/ invoice, a four-week representative diary and employee declaration will be required. To avoid this substantiation, it is suggested that the employer pays the employee allowance instead of reimbursing the expenses.

c) Non-cash benefit for terminating employee

The provision of a gift to the terminating employee can either falls under FBT or income tax regime.

Under S82-130 Income Tax Assessment Act (ITAA) 1997, the provision of gift (transfer of property) could be categorised as part of employment termination payment if it is received by the employee as a consequence of the employment termination (other than genuine redundancy payment) within 12 months from the termination date.

The ATO have highlighted that when the provision of gift falls under employment termination payment in income tax regime, the employer will have obligation to pay the withholding amount to the ATO before providing the benefit. In addition, a PAYG Payment Summary on the employment termination payment must be provided to the employee and reported to the ATO within 14 days from provision of gift.

The employer may recover the withholding amount paid to the ATO from the employee and regardless whether or not the employer recover the withholding amount from the employee, the employee will obtain a credit for the tax paid.

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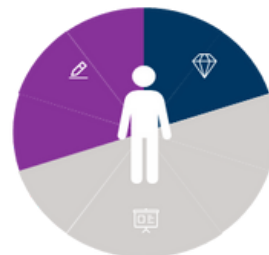
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