

# Potential FBT liabilities

## A checklist for 2022

### ● Your Balance Sheet

☐ Loans to (or from) employees

Do you have any zero (or low) interest loans made to employees?

Are there loans from employees?

Have benefits provided to the employee been offset against the loan amount, other than in accordance with a loan agreement?

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### Profit and Loss account

### ● Cost of Sales

☐ Cost of goods sold or manufactured

Were any goods you manufactured ( or purchased for re-sale) in the ordinary course of business provided to employees at a discount?

### ● Selling & Marketing

☐ Advertising, promotional or sponsorship expenses

Were there entertainment-related benefits provided to employees (rather than advertising benefits for the employer)?

Examples included food and drinks in a corporate box or free tickets to an event.

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### ● Employee remuneration and benefits expenses

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|------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <input type="checkbox"/> Employee amenities                | Did you incur entertainment-related benefits as a result of employees attending charity events or fundraising functions? Did you provide your employees with any items purchased at these events? |
| <input type="checkbox"/> Staff awards                      | Did you provide entertainment-related gifts to employees?                                                                                                                                         |
| <input type="checkbox"/> Staff training                    | Did your employees receive non-deductible benefits in relation to their training or self-education?                                                                                               |
| <input type="checkbox"/> Sub-contractor or contractor fees | Are any of your 'contractors' actually employees?                                                                                                                                                 |

### ● Travelling expenses

- |                                                 |                                                                                                                                                                                                    |
|-------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <input type="checkbox"/> Motor Vehicle expenses | Are you providing car-related fringe benefits?<br>Are you using the book (written-down) value of a car for FBT purposes?                                                                           |
| <input type="checkbox"/> Travel & accomodation  | Did your employees incur travel-related benefits (including where there is a private component of the trip)?<br>Did you provide entertainment-related benefits whilst the employee was travelling? |
| <input type="checkbox"/> Utilities              | Did you pay or reimburse utility costs related an employees home or investment?<br>(Also consider the otherwise deductible rate)                                                                   |

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### ● Other expenses

☐ Bad or doubtful debts

Did you waive an employees obligation to repay a debt?

☐ Conference expenses

Did you provide entertainment-related benefits at a social event, planning retreat or recreational activity?

☐ Depreciation expenses

Did you provide depreciating assets to employees? This includes desk, computers, furniture. It may be exempt or deductible.

☐ Donations

Did you incur the cost of an employee attending a fundraising or charity event? Did you provide employees items purchased at these events?

☐ Entertainment expenses

To ensure correct tax treatment, classify expenses as 'meal entertainment' (e.g., meals consumed at a social function), 'recreation entertainment' (e.g., sport tickets) and 'EFLEs' (e.g., leasing a corporate box)

☐ Gifts

Did you provide gifts to employees? Check if exemptions might apply.

☐ Insurance Costs

Did you reimburse an employee's insurance costs that they cannot otherwise deduct?

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### ● Other expenses

☐ Interest expenses

Did you pay or reimburse an employee's mortgage for an investment property loan or home loan?

☐ Lease expenses

Are you incurring expenditure on leasing assets that employees are entitled to use for private purposes?

☐ Rent expenses

Did you pay or reimburse an employee's rent expenses ?

☐ Sundry or general

Did you incur any sundry or general employee expenditures?

☐ Telephone

Check for any benefits provided with respect to an employee's own telephone or internet expenses. This is increasingly relevant with the increase in working-from-home arrangements.