

Reportable fringe benefits – facts for employees

What you need to know about your reportable fringe benefits



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ABOUT THIS GUIDE

This guide provides information about the reportable fringe benefits amount included on your payment summary. It explains:

- what a fringe benefit is
- who pays fringe benefits tax (FBT)
- the different types of fringe benefits
- what a reportable fringe benefits amount is
- how your reportable fringe benefits amount is calculated
- what happens when you have fringe benefits reported on your payment summary.

WHAT A FRINGE BENEFIT IS

A fringe benefit is a benefit provided to you or an associate (for example, your spouse or children) through your employment. You can be a current, former or future employee.

Benefits can be provided by:

- your employer
- an associate of your employer
- a third party under an arrangement with your employer.

The term **benefit** includes any right (including any property right), privilege, service or facility. A benefit could be:

- the use of something, for example, a car, house or equipment
- ownership of something, for example, items of clothing
- enjoyment of a privilege or facility, for example, staying at a holiday home.

For example, you could receive a benefit when your employer gives you:

- a work car for private purposes
- a cheap loan
- free private health insurance
- home cleaning services.

You could also receive a benefit if you enter into a salary sacrifice arrangement.

❗ In this guide, we refer to you and your employer. However, when we say:

- **benefits provided by your employer**, we mean benefits provided by your employer, or a third party acting on an arrangement with your employer
- **benefits provided to you**, we mean benefits provided to you or your associate.

SOME WORK-RELATED BENEFITS ARE EXEMPT FROM FBT

The following work-related benefits are **not** considered to be fringe benefits.

- A mobile phone or car phone used mainly for your employment.
- Protective clothing required for your employment.
- A briefcase.
- A calculator.
- A tool of trade.
- An electronic diary, a personal digital assistant (PDA), or similar item.
- A notebook, laptop or similar portable computer (limited to one a year).
- A portable printer designed specifically for use with a notebook computer, a laptop computer or a similar portable computer.

Announced changes to work-related benefits exemption

The Government has announced that the FBT exemption that currently applies to work-related items will only apply to items that are provided by an employer to an employee primarily for work purposes.

The FBT exemption will be limited to one item of each type per employee, per FBT year unless it is a replacement item.

The list of FBT exempt work-related items will also be extended to include all work-related portable electronic devices, including those with multiple functions.

The changes to the FBT exemption for work-related items will apply to items purchased from 7.30pm (AEST) on 13 May 2008.

Also, the income tax law will be amended to disallow employees from claiming depreciation for the work-related percentage of FBT-exempt items.

The changes that disallow depreciation for FBT-exempt items will take effect as follows:

- For items purchased from 7.30pm (AEST) on 13 May 2008, this measure will take effect from that time.
- For items purchased before 7.30pm (AEST) on 13 May 2008, employees will be denied depreciation for the 2008–09 and later income years.

YOUR EMPLOYER PAYS FBT

Your employer pays FBT on the value of the fringe benefits provided to you or your associates. Employers pay FBT, regardless of whether they are:


- sole traders, partnerships, trusts, corporations, unincorporated associations or government bodies, or
- liable to pay other taxes such as income tax.

FBT AND NON-PROFIT ORGANISATIONS

FBT concessions apply to certain benefits provided by:


- public benevolent institutions (other than hospitals) and health promotion charities
- public and non-profit hospitals and public ambulance services
- rebatable employers
- religious institutions
- non-profit companies.

Generally, if you are a volunteer or contractor, benefits provided to you do not attract FBT.

 For more information on these concessions see *Fringe benefits tax for non-profit organisations* (NAT 14947).

REPORTING FRINGE BENEFITS ON YOUR PAYMENT SUMMARY

If the value of certain fringe benefits (other than excluded fringe benefits) provided to you exceeds \$2,000 in an FBT year the amount must be recorded on your payment summary for the corresponding income year. This applies even if your organisation is not liable to pay FBT and is eligible for FBT concessions.

-  From 1 April 2007, the fringe benefits reporting exclusion threshold increased from \$1,000 to \$2,000. This means the:
- \$1,000 threshold applied to the 2007 income tax return
 - \$2,000 threshold applies to the 2008 income tax return.

FRINGE BENEFIT CATEGORIES

FBT law identifies various categories of fringe benefits and provides specific valuation rules for each category. The categories are outlined below.

CAR FRINGE BENEFITS


A car fringe benefit generally arises when your employer owns or leases a car and you use it privately or your employer makes it available for your private use.

The following types of vehicles (including four-wheel drive vehicles) are cars:

- motor cars, station wagons, panel vans and utilities (excluding panel vans and utilities designed to carry a load of one tonne or more)
- any other goods-carrying vehicle with a carrying capacity of less than one tonne
- any other passenger-carrying vehicle designed to carry fewer than nine passengers.

A car is taken to be made available for your private use on any day it is:

- actually used by you for private purposes, or
- made available for your private use.

-  If the car you use is garaged at, or near your home, it is taken to be available for your private use, regardless of whether or not you have permission to use the car privately.

As a general rule, travel to and from work is considered to be private use of a vehicle.

LOAN FRINGE BENEFITS

A loan fringe benefit may arise when an employer gives you a loan, interest free, or at an interest rate that is less than the statutory interest rate (usually announced in April each year).

DEBT WAIVER FRINGE BENEFITS

If you owe a debt to your employer and they release you from the obligation to repay the debt, the unpaid amount may be a debt waiver fringe benefit.

EXPENSE PAYMENT FRINGE BENEFITS

An expense payment fringe benefit may arise when your employer pays for, or reimburses an expense you incur. The expenses can be a business or private expense, or a combination of both.

HOUSING FRINGE BENEFITS

A housing fringe benefit may arise when your employer provides accommodation to you:

- rent-free, or
- at a reduced rent,

where that accommodation is your usual place of residence.

A unit of accommodation includes:

- a house, flat or home unit
- accommodation in a house, flat or home unit
- accommodation in a hotel, motel, guesthouse, bunkhouse or other living quarters
- a caravan or mobile home
- accommodation on a ship or other floating structure.

BOARD FRINGE BENEFITS

A board fringe benefit may arise when your employer provides you with accommodation **and** there is an entitlement to at least two meals a day. For example, meals provided in a dining facility located on a remote construction site, oil rig or ship may be a board fringe benefit.

AIRLINE TRANSPORT FRINGE BENEFITS

An airline transport fringe benefit may arise when you are an employee of an airline or a travel agent and your employer provides you with free or discounted air travel on a stand-by basis.

LIVING-AWAY-FROM-HOME ALLOWANCE FRINGE BENEFITS

A living-away-from-home allowance fringe benefit may arise when your employer pays you an allowance to cover additional expenses incurred because you are temporarily required to live away from your usual place of residence **in order** to perform your employment duties.

PROPERTY FRINGE BENEFITS

A property fringe benefit may arise when your employer provides you with property, either free or at a discount. Property includes:

- all goods, for example, clothing or a cylinder of heating gas
- real property, for example, land and buildings
- other property, for example, shares.

ENTERTAINMENT BENEFITS

A fringe benefit may arise when your employer provides you with entertainment by means of food, drink or recreation. There is no specific category of fringe benefit called an entertainment fringe benefit, but the following types of fringe benefits occur when entertainment is provided.

- An expense payment fringe benefit, for example, the cost of theatre tickets purchased by an employee and reimbursed by the employer.
- A property fringe benefit, for example, providing food and drink.
- A residual fringe benefit, for example, providing accommodation or transport in connection with such entertainment.

ENTERTAINMENT PROVIDED BY A TAX-EXEMPT ORGANISATION

A tax-exempt body entertainment fringe benefit may arise when an employer who is wholly or partially exempt from income tax provides you with entertainment in the form of:

- food
- drink
- recreation
- accommodation or travel, in connection with such entertainment.

CAR PARKING FRINGE BENEFITS

A car parking fringe benefit may arise if your employer provides you with car parking and:

- there is a commercial car park within a one-kilometre radius of the car park provided by your employer, and
- that commercial car park charges a fee for all day parking that is more than the car parking threshold (usually announced in April each year).

RESIDUAL FRINGE BENEFITS

Any fringe benefit that is not subject to any of the other categories is called a residual fringe benefit. A residual fringe benefit may arise when your employer provides you with any right, privilege, service or facility that has not already been mentioned above.

Some examples are:

- use of your employer's property, for example, video camera or television
- provision of a service, for example, advice given by a solicitor
- private use of a motor vehicle that is not a 'car' for FBT purposes, for example, a one tonne ute.

REPORTABLE FRINGE BENEFITS AMOUNT

If the value of certain fringe benefits provided to you or your associate exceeds \$2,000 in an FBT year (1 April to 31 March), your employer must record the **grossed-up** taxable value of those benefits on your payment summary for the corresponding income year (1 July to 30 June).

- ⚠ From 1 April 2007, the fringe benefits reporting exclusion threshold increased from \$1,000 to \$2,000. This means that the:
- \$1,000 threshold applied to the 2007 income tax return
 - \$2,000 threshold applies to the 2008 income tax return.

Benefits provided to any of your associates because of your employment will be included as fringe benefits provided to you.

This amount is known as your **reportable fringe benefits amount**.

The sum of your reportable fringe benefits amounts from **every** employer for a year is called your **reportable fringe benefits total**.

BENEFITS THAT ARE NOT REPORTABLE

Some fringe benefits don't have to be reported on your payment summary, although your employer still has to pay FBT on these benefits.

These benefits are called **excluded** benefits. For example:

- entertainment provided as food and drink, including benefits associated with that entertainment, such as travel and accommodation
- car parking fringe benefits, apart from eligible car parking expense payments
- hired or leased entertainment facilities, such as corporate boxes
- remote area housing assistance, home ownership schemes, and repurchase schemes where the value of the benefit is reduced in accordance with section 60 of the *Fringe Benefits Tax Assessment Act 1986*.
- costs of occasional travel to a major Australian population centre by you and your family if you live in a remote area
- freight costs for your food if you live in a remote area
- fringe benefits provided to ensure your security and personal safety, or your associate's, because of your job
- emergency or other essential health care provided to you, if you are an Australian citizen or permanent resident, while you are working outside Australia and no Medicare benefit is payable
- emergency or other essential health care provided to your associate who is an Australian citizen or permanent resident, while you are working outside Australia and no Medicare benefit is payable
- certain Australian government overseas living allowance payments
- certain benefits provided to Defence Force members
- certain benefits provided to police officers
- car benefits coming from your private use of pooled or shared cars.

THE GROSSED UP TAXABLE VALUE

The **grossed-up** taxable value of a benefit is the gross salary that you would have to earn, in order to purchase the benefit from after-tax dollars.

This amount is reported to ensure the value of the benefits is consistent with other forms of income on your payment summary.

Your employer calculates this amount using the FBT rate equal to the highest marginal rate of income tax plus Medicare levy. For the FBT year ended 31 March 2008 this is 46.5%. For example, a fringe benefit with a taxable value of \$2,000.01 is a reportable fringe benefit amount of \$3,738.

! If a reportable fringe benefit amount shown on your payment summary is less than \$3,738, check with your employer about how the amount was calculated.

Even though this amount is included on your payment summary, you do not include it in your total income or loss amount, or pay income tax or Medicare levy on it. It is, however included in a number of income tests for some government benefits and obligations.

HOW THIS AMOUNT IS WORKED OUT

Your employer has to keep records of the value of the fringe benefits given to you and your associate (for example, your spouse or children). These benefits only need to be shown on your payment summary if their taxable value exceeds \$2,000 in an FBT year (1 April to 31 March). Benefits provided to any of your associates in respect of your employment will be included in this amount.

EXAMPLE: Working out amounts for payment summaries

Between 1 April 2007 and 31 March 2008 (the 2007–08 FBT year), Tim's employer provided him with a work car. The taxable value of Tim's car fringe benefits is \$2,500. Tim and his partner also stay in company coastal accommodation several times a year, with a taxable value of \$800.

The taxable value of Tim's fringe benefits total \$3,300. The grossed-up taxable value of these benefits will appear on his payment summary for the income year ending 30 June 2008.

The rate of FBT for the year ended 31 March 2008 is 46.5%, so the grossed-up amount to be reported on Tim's payment summary would be \$6,168. This is calculated as follows:

$$\frac{\text{Total taxable value}}{1 \text{ minus the FBT rate}} = \frac{\$3,300}{1 - 0.465} = \$6,168$$

WORKING OUT AN EMPLOYEE'S SHARE OF A BENEFIT

If you share a fringe benefit with other employees, your employer must work out what portion of the benefit applies to you.

While the legislation does not specify any particular method, the:

- portion of the taxable value allocated to each employee must reasonably reflect the benefit provided to each employee, taking into account all relevant information, and
- total taxable value of the benefit must be allocated among all the relevant employees.

EXAMPLE: Allocating the benefit – holiday package

An employer gives two employees a holiday package as a fringe benefit. The package is for two people and cannot be taken as two single holidays. The taxable value of the package is \$5,000.

It would be reasonable for the employer to allocate the taxable value between the employees on a 50-50 split basis, with each employee's share being \$2,500.

EXAMPLE: Allocating the benefit – car fringe benefit

An employer has a car that is used for business purposes and is also available for employees' private use. The taxable value of the car fringe benefit is \$4,500 (calculated using the statutory formula method).

Ten employees use the car equally, so the employer could calculate each employee's share as:

$$\frac{\text{Total taxable value}}{\text{Number of recipients}} = \frac{\$4,500}{10} = \$450$$

REDUCING YOUR REPORTABLE FRINGE BENEFITS

EXAMPLE: Allocating the benefit – car overnight rate

Alternatively, the employer could allocate the taxable value of the car by allocating an overnight rate for the car. If the taxable value of the car fringe benefit is \$4,500 and the car is used for home to work travel on 240 days in the year, the overnight rate for the car is:

$$\frac{\$4,500}{240} = \$18.75 \text{ per night}$$

The employer would multiply the number of nights each employee had the car by the overnight rate to determine each employee's share of the taxable value.

CEASING EMPLOYMENT BETWEEN 1 APRIL AND 30 JUNE

If you cease your employment between 1 April and 30 June, and have been provided with reportable benefits *since* 1 April of *that* year, the amount of the reportable benefit must be shown on a payment summary for the income tax year ended 30 June in the *following* year. This is the case even though you will not have been paid salary or wages by that employer in that income tax year.

The employer has until 14 July following the end of the income year covered by the payment summary to provide you with a payment summary.


EXAMPLE: Ceasing employment

Joan ceases employment with her employer on 15 May 2008. From 1 April 2008 to 15 May 2008, Joan is provided with fringe benefits with a reportable value of \$4,000. This amount must be reported on a payment summary for the income year ended 30 June 2009.

Joan's employer has until 14 July 2009 to issue the payment summary.

You can reduce the amount of fringe benefits shown on your payment summary for future years by:

- arranging with your employer to swap or modify your fringe benefits for cash salary
- making contributions that reduce the taxable value of a fringe benefit by the amount you have contributed.

 Your contributions can only be made from your after-tax income and are attributed towards a specific benefit. A contribution cannot be used to reduce the taxable value of any other fringe benefit.

THE EFFECT OF HAVING A REPORTABLE FRINGE BENEFIT

Even though a reportable fringe benefits amount is included on your payment summary and is shown on your tax return, it is not included in your assessable income. It is, however, included in a number of income tests for:

- Medicare levy surcharge
- deduction for personal super contributions
- super co-contribution
- tax offset for eligible spouse super contributions
- mature age worker tax offset
- Higher Education Loan Programme (HELP) and Student Financial Supplement Scheme (SFSS) repayments
- child support obligations
- entitlement to certain income-tested government benefits.

➤ The effect of reportable fringe benefits on income tests for benefits and obligations is explained in more detail in the information following.

MEDICARE LEVY SURCHARGE (MLS)

Your **reportable fringe benefits total** is included when calculating liability for the MLS.

The MLS is set at 1% for the income tax year ended 30 June 2008. It is calculated on your taxable income in addition to the 1.5% Medicare levy.

Taxable income for MLS purposes is calculated in two stages:

- 1 By adding the total of
 - your taxable income
 - your total **reportable fringe benefits amounts**, and
 - the net amount on which family trust distribution tax that has been paid on your behalf.
- 2 By subtracting
 - any taxable component of a superannuation lump sum where the tax rate is zero.

You will have to pay the surcharge for any period during 2007–08 if you were a:

- single person with no dependants and
 - you did not have private patient hospital cover, and
 - your taxable income for MLS purposes is greater than \$50,000, and
 - you are not in a Medicare levy exemption category for the full year.
- member of a family and
 - you or any of your dependants (this includes your spouse even if they have their own income) did not have private patient hospital cover, and
 - the combined taxable income for MLS purposes of you and your spouse (if you had one for the whole of 2007–08) was above the relevant family surcharge threshold, and
 - you, and all your dependants were not in a Medicare levy exemption category for the full year.

The surcharge income threshold levels are:

- \$50,000 for single taxpayers with no dependants, and
- \$100,000 for couples (married or de facto) with or without one child, and sole parents with one child
- \$100,000 increased by \$1,500 for each additional child after the first one, for couples (married or de facto) and sole parents with more than one child, for example, a family with three dependant children would have a family surcharge threshold of \$103,000.

⚠ In the 2008 Federal Budget the government has announced proposed changes to the single and family thresholds for the Medicare Levy surcharge. With effect from 1 July 2008, the single threshold is proposed to increase from \$50,000 to \$100,000 while the family threshold is proposed to increase from \$100,000 to \$150,000. At the time of printing this publication these changes have not become law.

If the combined taxable income of you and your spouse (for MLS purposes) is above the family surcharge threshold, but your own taxable income is at or below the general Medicare levy low-income threshold amount, you are not liable for the surcharge. However, your spouse will still be liable to pay the surcharge.

Your **reportable fringe benefits total** is not included when calculating your liability for the Medicare levy.

EXAMPLE: Calculating Medicare levy surcharge

Bill has a taxable income of \$30,000 and a reportable fringe benefits total of \$30,000. Bill's spouse, Mary, has a taxable income of \$60,000 and a reportable fringe benefits total of \$10,000. Therefore, Bill and Mary's combined family income for Medicare levy surcharge purposes is \$130,000. They have three dependant children. None of the family members are covered by an appropriate level of private-patient hospital cover.

Bill and Mary's family threshold for the surcharge is \$103,000 (\$100,000 plus two times \$1,500). As their combined family income (\$130,000) exceeds their family surcharge threshold and they are both liable to pay the Medicare levy, the surcharge applies to both Bill and Mary. The amount of surcharge payable by Bill would be \$600 (1% of \$60,000) and the amount payable by Mary would be \$700 (1% of \$70,000).

INCOME TAX DEDUCTIONS FOR PERSONAL SUPER CONTRIBUTIONS

Your **reportable fringe benefits total** may affect whether you can claim a deduction for personal super contributions.

From 1 July 2007, you can only claim a deduction for personal super contributions if less than 10% of your combined assessable income and reportable fringe benefits for the financial year comes from activities resulting in you being treated as an employee for the purposes of the *Superannuation Guarantee (Administration) Act 1992*.

From 1 July 2007, if you are self-employed and derive **none** of your income from employment-related activities you will be entitled to a full deduction for your personal contributions provided any relevant conditions are met. The deduction is only available for the income year in which the contribution was made.

➤ For more information about a deduction for personal super contributions:

- visit www.ato.gov.au/super
- phone our Superannuation Infoline on **13 10 20**, open 8.00am – 6.00pm Monday to Friday.

SUPER CO-CONTRIBUTION

The Australian Government pays a super co-contribution for eligible individuals who make eligible personal super contributions. Your **reportable fringe benefits total** is included in the calculation when working out your eligibility for the super co-contribution.

If you are eligible, we will pay a super co-contribution of **up to \$1,500** into your super account.

You will be eligible for the super co-contribution for an income year if:

- you make eligible personal super contributions by 30 June each year into a complying super fund or retirement savings account
- your total income for super co-contribution purposes (assessable income plus reportable fringe benefits total) is less than \$58,980 (this may be different to your taxable income)
- **10%** or more of your total income is from eligible employment, carrying on a business or a combination of both
- you do not hold an eligible temporary resident visa at any time during the income year
- you lodge an income tax return for the relevant income year, and
- you are less than 71 years old at the end of the income year.

For 2007–08, if your total income is \$28,980 or less, the maximum co-contribution amount that you can receive is the lesser of:

- the maximum co-contribution amount (\$1,500), or
- the amount of personal super contributions multiplied by 1.5.

This amount is reduced by 5 cents for each \$1 of total income **over** \$28,980. The co-contribution phases out completely where your total income is \$58,980 or more.

For example, if your total income is \$32,000 a year and you make personal super contributions of \$1,000 during that year, if you meet the other eligibility criteria, we will pay you a super co-contribution of \$1,349.

Provided you are entitled to receive the co-contribution, the minimum amount payable is \$20.

For the self-employed, for the purposes of determining eligibility for the co-contribution under the 10% income test, total income is the sum of assessable income and reportable fringe benefits **not** reduced by the deductions allowable for carrying on a business.

However, when calculating your total income for comparison with the income thresholds to determine the amount payable, your total income is the sum of your assessable income and reportable fringe benefits **less** allowable deductions for carrying on a business.

! In the 2008 Federal Budget the government has announced proposed changes to expand the definition of 'income' for superannuation co-contribution purposes. With effect from 1 July 2009, your total income for superannuation co-contribution purposes will also include 'salary sacrificed' contributions to superannuation. At the time of printing this publication these changes have not become law.

> For more information about the super co-contribution:

- visit www.ato.gov.au/super
- phone our Superannuation Infoline on **13 10 20**, open 8.00am – 6.00pm Monday to Friday

TAX OFFSET FOR CONTRIBUTIONS TO SPOUSE'S SUPER

You may be able to claim a tax offset for contributions you make to a complying super fund or retirement savings account on behalf of your spouse.

If the sum of your spouse's assessable income plus **reportable fringe benefits total** is:

- less than \$10,800, you can get the maximum tax offset
- between \$10,800 and \$13,800, you can get a reduced tax offset
- over \$13,800, you are not entitled to the tax offset.

You must also ensure:

- the contributions are not deductible to you, and
- the contributions were made to a complying super fund or retirement savings account, and
- at the time of making the contributions, you and your spouse
 - were Australian residents, and
 - were not living separately and/or apart on a permanent basis.

A maximum tax offset of **up to** \$540 per annum is available where all the above conditions are met.

If you had more than one spouse during the income year, and you satisfy the conditions for the tax offset in relation to more than one spouse, the tax offset you can claim is the lesser of:

- the sum of the tax offset entitlements for each spouse, or
- \$540.

> For more information about the tax offset for contributions to spouse's super, including your entitlement to the offset:

- visit www.ato.gov.au/super
- phone our Superannuation Infoline on **13 10 20**, open 8.00am – 6.00pm Monday to Friday

MATURE AGE WORKER TAX OFFSET

The mature age worker tax offset can reduce your tax liability. The maximum tax offset is \$500. The mature age worker tax offset is not the same as the senior Australians tax offset or the pensioner tax offset and some people may be eligible for more than one of these. Your reportable fringe benefits amount is included in the calculations for this offset.

To be eligible for the mature age worker tax offset, you must:

- be an Australian resident for tax purposes
- be aged 55 years or more at the end of the income year, and
- have received net income from working (within certain limits).

Your net income from working is used to calculate the amount of mature age worker tax offset you are entitled to. Net income from working is the total of amounts of assessable income for your personal effort or skills, including income from a business you carry on, less any related deductions. That is:

$$\begin{array}{r} \text{Net income} \\ \text{from working} \end{array} = \begin{array}{r} \text{Income from} \\ \text{working} \end{array} - \begin{array}{r} \text{Related} \\ \text{deductions} \end{array}$$

Net income from working includes:

- salary or wages
- allowances, earnings, tips, directors fees
- business and attributed personal services income
- assessable farm management withdrawals amounts
- total reportable fringe benefits amounts.

Net income from working does not include:

- superannuation lump sums or employment termination payments
- unused annual leave payments or unused long service leave payments
- passive income (such as income from capital gains, rent or dividends).

The mature age worker tax offset will phase in at five cents per dollar from the first dollar of net income from working. The full \$500 offset will be available when net income from working reaches \$10,000.

The tax offset will start to phase out once net income from working exceeds \$53,000, so that no offset is available when net income from working reaches \$63,000.

COMPULSORY HELP AND SFSS REPAYMENTS

Your **reportable fringe benefits total** is included in calculating the repayment income for Higher Education Loan Programme (HELP) and Financial Supplement debts.

If you have an accumulated HELP or SFSS debt you must start repaying your debt when your repayment income is above the minimum threshold for compulsory repayment. Additional amounts must be withheld from your payments under the pay as you go (PAYG) withholding system. The additional amounts withheld from your payments do not cover reportable fringe benefits amounts.

Your repayment income is made up of the following amounts:

- your taxable income for the income year, plus
- any amount your taxable income has been reduced by a net rental loss, plus
- any exempt foreign employment income amounts included in your tax return, plus
- your total **reportable fringe benefits** amount shown on your annual *PAYG payment summaries*.

If you have a spouse or dependants and, due to low family income, you are entitled to a reduction of the Medicare levy or you do not have to pay the Medicare levy, you will not have to make a compulsory repayment for that year.

EXAMPLE: Repayment income

Paul has taxable income of \$33,610. In his tax return he claims a net rental loss on a rental property of \$1,250, has a total reportable fringe benefits amount of \$3,560, and an exempt foreign employment income amount of \$2,580. Paul's repayment income for 2007–08 is \$41,000 (\$33,610 + \$1,250 + \$3,560 + \$2,580).

TABLE: Current year HELP repayment thresholds and rates

HELP repayment income* (HRI) 2007–08	Repayment rate (% of repayment income)
Below \$39,825	Nil
\$39,825–\$44,360	4% of HRI
\$44,361–\$48,896	4.5% of HRI
\$48,897–\$51,466	5% of HRI
\$51,467–\$55,322	5.5% of HRI
\$55,323–\$59,915	6% of HRI
\$59,916–\$63,068	6.5% of HRI
\$63,069–\$69,405	7% of HRI
\$69,406–\$73,959	7.5% of HRI
\$73,960 and above	8% of HRI

* **HELP repayment income** = Taxable income plus any net rental losses, total reportable fringe benefits amounts and exempt foreign employment income.

TABLE: Current year SFSS repayment thresholds and rates

Repayment income (RI*) 2007–08	Repayment rate (% of repayment income)
Below \$39,825	Nil
\$39,825–\$48,896	2% of HRI
\$48,897–\$69,405	3% of HRI
\$69,406 and above	4% of HRI

* **RI** = Taxable income **plus** any net rental losses, total reportable fringe benefits amounts and exempt foreign employment income.

EXAMPLE: Compulsory repayment


Paul's repayment income for the 2007–08 income year was \$41,000 and the repayment rate for repayment income from \$39,825 to \$44,360 was 4.0%. Paul's compulsory repayment raised on his income tax notice of assessment is \$1,640 (4% of \$41,000).

➤ Visit www.ato.gov.au select Booklets and publications – All ATO listing – search, then type in NAT 3913 for *Repaying your HELP debt* or NAT 2789 for *Repaying your Financial Supplement loan*.

CHILD SUPPORT PAYMENTS

For child support assessments starting on or after 1 July 2000, the **reportable fringe benefits total** of each parent is added to their taxable income, along with any rental property losses or exempt foreign income, to ascertain their child support income.

For child support assessments from 1 July 2008, the **reportable fringe benefits total** of each parent will be added to their taxable income. For the purposes of child support assessments, taxable income will also be adjusted to include net rental property losses as a positive figure, target foreign income and certain tax free pensions or benefits.

 If you have a net rental property loss in your income tax return, this amount is **added** back to your taxable income for the purposes of child support assessments.

ENTITLEMENT TO INCOME-TESTED GOVERNMENT BENEFITS

The **reportable fringe benefits total** may also be taken into account in the income tests for some government benefits.

EXAMPLE: Calculating adjusted taxable income

For the year ended 30 June 2008 Anne had a taxable income of \$30,000, a \$2,000 net rental property loss, and a reportable fringe benefits total of \$4,000. Anne's adjusted taxable income (for the purpose of an assessment from 1 July 2008) is:

Taxable income	\$30,000
Net rental property loss	\$2,000 (included as a positive figure)
Reportable fringe benefits total	\$4,000
Adjusted taxable income	\$36,000

MORE INFORMATION

If you need more information about Reportable fringe benefits you can:

- visit www.ato.gov.au
- phone **13 28 61** between 8:00am and 6:00pm Monday to Friday.

If you do not speak English well and want to talk to a tax officer, phone the Translating and Interpreting Service on **13 14 50** for help with your call.

If you have a hearing or speech impairment and use a TTY or modem, phone the National Relay Service on **13 36 77**. For 1800 toll-free numbers, phone **1800 555 677** and quote the number you need.

If you have a speech impairment and do not use a TTY or modem, phone the Speech to Speech Relay service on **1300 555 727**. For 1800 toll-free numbers, phone **1800 555 677** and quote the number you need.

