

# COVID-19 and working from home benefits

Understanding your FBT obligations where employees are provided with benefits to support working from home arrangements during the COVID-19 pandemic

## Key points

- Your fringe benefits tax (FBT) obligations may be affected if you have provided a benefit to your employee to facilitate working from home (WFH) arrangements due to the impacts of COVID-19.
- This fact sheet covers certain residual, property or expense payment benefits which may be exempt from FBT or have their taxable value reduced under the 'otherwise deductible' rule (ODR).<sup>1</sup>

## Work laptop, other portable electronic device and tools of trade

You may have given or loaned certain eligible work-related items to your employee so they could work from home as a result of COVID-19 or reimbursed them for expenditure they incurred on these items.

An eligible work-related item is exempt from FBT if it is:

- primarily for use in the employee's employment
- not a duplicate of something with a substantially identical function that has already been provided to the employee in the FBT year (unless it is a replacement).

An eligible work-related item is:

- a portable electronic device
- computer software
- protective clothing
- a briefcase
- a tool of trade.

Examples of portable electronic devices include laptops, tablets, smart phones, and calculators. However, a desktop computer would not be considered a portable electronic device.

- ▶ For more information about portable electronic devices, see [Work-related portable electronic device exemption](#).

If you are a small business you may be eligible for an exemption, so that you can provide multiple portable electronic devices to an employee, even where the items have substantially identical functions.

- ▶ From 1 April 2021, the turnover threshold for businesses to be eligible for this exemption will increase from \$10 million to \$50 million. For more information, see [Work out if you're a small business for the income year](#).

The term 'tools of trade' refers to items that are handheld for use in mechanical operations or require manual operation to produce a defined result. They are of a specialist nature for use by an operator in a particular occupation (for example, an employee carpenter is provided with a hammer, screwdriver or chisel). It does not cover desktop computers, computer peripherals, or general office equipment.

- ▶ For more information about tools of trade, see ATO Interpretative Decision [ATO ID 2006/248 Fringe Benefits Tax Exempt Benefits: work related item – tool of trade](#).

## General office equipment

General office equipment includes desks, chairs, cabinets, stationery, computer monitors and peripherals, and other items generally available for use in an office setting.

The way FBT applies to general office equipment depends on how you provide the benefit to your employee.

## Lending office equipment

The benefit arising from lending general office equipment to your employee during temporary WFH arrangements due to COVID-19 may be exempt from FBT.

For ongoing WFH arrangements, the benefit may also be exempt in some circumstances, and where it is not exempt, the taxable value may be reduced by the ODR.

<sup>1</sup> The ODR allows the employer to reduce the taxable value of fringe benefits by the amount for which the employee would be able to claim a once-only deduction. To the extent that an

expense is 'otherwise deductible', the taxable value of the benefit is reduced, which reduces the employer's potential liability to FBT.

## Temporary WFH arrangements

During periods of temporary WFH arrangements due to COVID-19, the provision of office equipment will be exempt from FBT if it is:

- property that is ordinarily located on your business premises
- wholly or principally used directly in connection with your business operations.

Office equipment is considered 'ordinarily located on your business premises' if:

- the home use of the equipment by your employee is temporary
- there is an expectation that the equipment will be returned to your business premises when the temporary WFH arrangement ceases.

The equipment does not need to have been physically located on your business premises prior to entering into a WFH arrangement to meet the test, provided it is an item that is expected to be returned to the premises.

### *Example 1 – employees working from home due to lockdown restrictions*

*Your office closed due to COVID-19 lockdown restrictions. To support your employee to work from home, you ordered an ergonomic chair from an office equipment supplier and had it delivered directly to your employee's home. When your office returns to normal operation, your employee must return the chair to your office.*

*Your provision of the chair to your employee is exempt from FBT even though the chair had never been used in your office. Your employee uses the chair to undertake their employment duties. The chair remains your property, and it would ordinarily be located on your business premises.*

## Ongoing WFH arrangements

Office equipment that you loan to an employee to support a WFH arrangement that will continue on a long-term basis is unlikely to meet the exemption above.

However, the benefit may be exempt if you make a **no-private-use declaration** that covers all office equipment loaned to your employees to support their WFH arrangements where both of the following apply:

- the equipment is subject to a consistently enforced policy in relation to its use
- this use means the benefits would have a taxable value of nil.

Where you provide general office equipment to your employees solely to enable them to work from home, and have a consistently enforced policy documenting this purpose, we will accept that the requirements of this exemption are met.

You will not be required to provide documentation that demonstrates the employment use of the office equipment. The fact that there may be some incidental use of an item outside of work hours while it is located at an employee's home does not prevent the benefit from meeting this exemption.

### *Example 2 – office equipment covered by no-private-use declaration*

*Your office temporarily closed due to COVID-19 and your employee began a WFH arrangement. After your office reopens, you arrange for your employee to continue their WFH arrangement for part of each week.*

*You provide your employee with an ergonomic chair and computer peripherals to support their WFH arrangement.*

*You have two policies in effect to which your employee has agreed, through written confirmation:*

1. *the items are only provided to enable your employee to perform their duties at home*
2. *the items remain the property of your business and your employee will need to return them when they cease their WFH arrangement.*

*You complete a no-private-use declaration for the residual fringe benefits. These benefits are exempt from FBT.*

- ▶ For a copy of the no-private-use declaration template, see [this list of approved declaration forms](#).

If your employee does not complete a no-private-use declaration, the taxable value of that benefit may be reduced under the ODR. The ODR applies if your employee would have received a once-only deduction had they incurred the expenditure themselves to rent the equipment solely to use for work purposes.

If the ODR applies, the taxable value of the benefit is reduced by the gross amount that your employee would otherwise have been allowed to deduct had they incurred the expenditure themselves, less the value of any contributions made by them.

However, if the equipment provided has an alternative purpose besides the WFH arrangement, or is significantly used for private purposes, you may need to apportion the use of the equipment to determine the amount of reduction to the taxable value. In these circumstances, you will be required to provide a copy of the employee's residual benefit declaration and evidence of the employee's work-related use of the equipment (for example, a diary of usage).

You still must be able to show that the equipment was only lent or made available to your employee. That is, the equipment still belongs to you and it will be returned when the WFH arrangement ceases. If this cannot be shown, then the provision of the equipment may be a property benefit (see below).

## Giving office equipment or reimbursing for purchases

Where you have given an employee office equipment that has a notional taxable value of less than \$300 (including goods and services tax (GST)), or you have reimbursed them for expenses of less than \$300 which they incurred in acquiring equipment, the item may be exempt from FBT or its taxable value may be reduced by the ODR.

Where the value of that office equipment is \$300 (including GST) or more, then FBT is generally payable.

### Taxable value less than \$300

Where the taxable value of the item or reimbursement is less than \$300 (including GST), the benefit may be exempt if it is a minor benefit.

You should have regard to the following factors in determining whether a benefit you have provided is a minor benefit:

- whether the provision of the benefit is infrequent or irregular
- whether the provision of the benefit arises from an unexpected event
- whether other similar benefits are provided at the same time, and if so, the value of all combined similar benefits.

▶ For more information on the minor benefits exemption, see [Minor benefits exemption](#) or [Taxation Ruling TR 2007/12 Fringe benefits tax: minor benefits](#).

Where an item of general office equipment is given or the amount paid to acquire it is reimbursed on a once-off basis to support the establishment of a WFH arrangement, we will generally accept that the benefit is infrequent and irregular.

If the benefit is not a minor benefit, the ODR may still apply to reduce the benefit's taxable value if your employee would have been entitled to a deduction if they had incurred the expenditure themselves. You will need to keep evidence that demonstrates the employment use by the employee (for example, a diary of usage).

### Taxable value equal to \$300

An item which cost \$300 (including GST) will not qualify for the minor benefits exemption.

If the employee would have been entitled to a once-only deduction under the capital allowance provisions in Division 40 of the *Income Tax Assessment Act 1997* had they incurred the expenditure themselves, the ODR may apply to reduce the taxable value of the benefit.

### Taxable value of more than \$300

Where the taxable value of the benefit is \$300 (including GST) or more, FBT is generally payable.

The minor benefits exemption does not apply to any benefits with a notional taxable value of \$300 or more.

The ODR does not apply because the employee would be entitled to a deduction for depreciation, (which is not a once-only deduction) under the capital allowance provisions in Division 40 of the *Income Tax Assessment Act 1997*.

## Counselling

Counselling services provided to support an employee's WFH arrangement may be exempt from FBT under the existing rules for work-related counselling.

'Work-related counselling' refers to counselling that seeks to improve or maintain the quality of your employee's work performance and relates to matters such as health and safety, stress management, relationships, retirement, and any other similar matters.

This includes counselling sessions undertaken via telephony or online platforms during a WFH arrangement.

## Health care

Health care provided to your employee to support their WFH arrangement may also be exempt from FBT if it is the provision of work-related preventative health care.

'Work-related preventative health care' means any form of care that:

- is provided by or on behalf of a legally-qualified medical practitioner, nurse, dentist or optometrist
- has the principal purpose of preventing your employee from suffering from injury or disease that is related to their employment
- is available to all your employees who are likely to suffer from similar work-related injury or disease.

Also exempt from FBT is a car benefit, expense payment benefit, property benefit or residual benefit provided to an employee that is associated with work-related preventative health care of the employee.

### Example 3 – Ergonomic consultations and provision of a sit/stand desk

*To ensure your employees' WFH setups meet workplace health and safety standards, you organise personalised online health consultations with a legally-qualified medical practitioner for all of your employees.*

*The medical practitioner identifies that one of your employees is suffering from back pain due to having to sit down for extended periods of time while working, and*

*recommends certain health interventions to prevent further aggravation/injury, including the use of a sit/stand desk while the employee is WFH. As a result, you purchase a sit/stand desk and arrange for it to be set up at your employee's home.*

*The provision of these consultations to all of your employees and the sit/stand desk to the employee are exempt from FBT as work-related preventative health care.*

*This exemption applies to the purchase of the sit/stand desk because it is associated with work-related preventative health care, that is, the workplace health and safety consultations. However, if you simply purchase this equipment for an employee, without the recommendation of a legally-qualified medical*

*practitioner or nurse, the purchase would not be exempt from FBT.*

## More information

For more information, see:

- [Fringe benefits tax \(FBT\)](#)
- [Fringe benefits tax – a guide for employers.](#)

ATO Siebel reference: 1-NRMTHPY

### Our commitment to you

We are committed to providing you with accurate, consistent and clear information to help you understand your rights and entitlements and meet your obligations.

If you follow our information in this publication and it turns out to be incorrect, or it is misleading and you make a mistake as a result, we must still apply the law correctly. If that means you owe us money, we must ask you to pay it but we will not charge you a penalty. Also, if you acted reasonably and in good faith we will not charge you interest.

If you make an honest mistake trying to follow our information in this publication and you owe us money as a result, we will not charge you a penalty. However, we will ask you to pay the money, and we may also charge you interest. If correcting the mistake means we owe you money, we will pay it to you. We will also pay you any interest you are entitled to.

If you feel that this publication does not fully cover your circumstances, or you are unsure how it applies to you, you can seek further assistance from us.

This publication was current at March 2021.

© Australian Taxation Office for the Commonwealth of Australia.

You are free to copy, adapt, modify, transmit and distribute this material as you wish (but not in any way that suggests the ATO or the Commonwealth endorses you or any of your services or products).

Published by:

Australian Taxation Office  
Canberra



**Australian Government**  
**Australian Taxation Office**