Types of fringe benefits

Find out which benefits are subject to fringe benefits tax (FBT) and how to work out the taxable value of the benefits.

Benefits quick reference

Use this list of common benefits to quickly find the information you need about FBT.

FBT on cars, other vehicles, parking and tolls

How FBT applies to cars, other motor vehicles, electric cars, car leasing, car parking and road tolls.

Entertainment-related fringe benefits

Work out if FBT applies to food, drink or recreation, and any associated travel or accommodation.

Expense payment fringe benefits

Check if you provide expense payment fringe benefits to your employees, and calculate the taxable value of the benefits.

Loan and debt waiver fringe benefits

Find out if FBT applies when you lend money to an employee or forgive their debt, and how much you pay.

Accommodation and location related fringe benefits

FBT on housing, board or living-away-from-home allowance, and concessions for remote or overseas areas and relocations.

Property fringe benefits

What to do if you give your employees property fringe benefits, such as physical goods, real estate or shares.

Residual fringe benefits

Check if you provide residual fringe benefits to your employees, and calculate the taxable value of the benefits.

QC 71123

Benefits quick reference

Use this list of common benefits to quickly find the information you need about FBT.

Last updated 12 January 2023

Watch: Lifestyle asset fringe benefits

List of common benefits

Item	See
Accommodation	Accommodation and location related fringe benefits
Borrowing employer's property e.g. commercial vehicle, video camera	Residual fringe benefits Exempt use of eligible vehicles
Briefcase	Work-related items exempt from FBT
Car	Cars and FBT
Car expenses • e.g. registration, insurance	Expense payment fringe benefits
Car, leased	Car leasing and FBT
Christmas party	Entertainment-related fringe

	benefits
Computer, desktop	Reimbursing cost of computer: Expense payment fringe benefits Providing computer: Property fringe benefits
Computer, laptop or tablet	Work-related items exempt from FBT
Covid-19 vaccination	COVID-19 vaccination incentives and rewards for employees
Credit card • payment for employee	Expense payment fringe benefits
Debt, forgiving	Loan and debt waiver fringe benefits
Electric car	Electric cars exemption
Food and drink	Entertainment-related fringe benefits
Goods • e.g. television, clothing	Property fringe benefits
Health insurance premiums	Reimbursing cost of insurance: Expense payment fringe benefits Providing insurance: Residual fringe benefits
Home mortgage	Expense payment fringe benefits
Housing accommodation	Housing fringe benefits

Insurance	Reimbursing cost of insurance: Expense payment fringe benefits Providing insurance: Residual fringe benefits
Internet, home	Expense payment fringe benefits
Living-away-from-home allowance	Living-away-from-home allowance fringe benefits
Loan	Loan and debt waiver fringe benefits
Meals	Board fringe benefits Entertainment-related fringe benefits
Mobile phone	Work-related items exempt from FBT
Parking	Car parking and FBT
Protective clothing	Work-related items exempt from FBT
Real estate	Property fringe benefits
Recreation	Entertainment-related fringe benefits
Redundancy retraining or reskilling	Retraining and reskilling exemption
Remote area housing	Remote area FBT concessions
Self-education expenses	Expense payment fringe benefits

Services • e.g. professional advice	Residual fringe benefits
Shares and bonds	Property fringe benefits
Software	Work-related items exempt from FBT
Support in an emergency • e.g. accident, illness, disaster	Emergency assistance
Taxi or ride-share travel	Taxi, ride-sourcing and public transport exemptions
Telephone, home landline	Expense payment fringe benefits
Telephone, mobile	Work-related items exempt from FBT
Tolls	Road and bridge tolls and FBT
Tools of trade	Work-related items exempt from FBT
Vehicle, commercial • e.g. ute, van	Exempt use of eligible vehicles

QC 71124

Expense payment fringe benefits

Check if you provide expense payment fringe benefits to your employees, and calculate the taxable value of the benefits.

Last updated 6 March 2025

On this page

What an expense payment fringe benefit is

An expense payment fringe benefit may arise when an employee incurs an expense for their own benefit and you, as their employer either:

- reimburse them for the expense
- directly pay a third party for the expense.

Expense payment fringe benefits only arise from expenses your employee incurs. Goods or services you provide to an employee, or pay for with your credit card, aren't expense payment fringe benefits. In these cases the goods or services may be property fringe benefits or residual fringe benefits.

An expense payment fringe benefit may be for:

- a business or private expense, or a combination of both
- an expense incurred by an associate of the employee, such as their partner or relative.

Common expense payment fringe benefits

Expense payment fringe benefits include the reimbursement or payment of:

- car expenses, such as registration and insurance
- car parking (if you don't provide the car parking facilities)
- home mortgage expenses
- cost of acquiring a home desktop computer
- home telephone and internet expenses
- employee personal credit card payments
- health insurance premiums
- self-education expenses.

Exempt expense payment benefits

You don't pay FBT if the expense payment is for an exempt benefit, such as a minor benefit, portable electronic device, protective clothing or tools of trade.

Exempt benefits differ from reductions and concessions you may be able to apply to the taxable value of an expense payment fringe benefit. If the benefit is exempt, you don't need to calculate its taxable value.

What to do if you provide an expense payment fringe benefit

You need to:

1. work out the taxable value of the expense payment fringe benefit
2. keep the appropriate records
3. calculate how much FBT to pay
4. lodge your FBT return
5. pay the FBT amount
6. check if you should report the fringe benefit through Single Touch Payroll (or on your employee’s payment summary).

Taxable value of an expense payment fringe benefit

Generally, the taxable value of an expense payment fringe benefit is the amount you reimburse or pay.

We have information about the taxable value of common expenses reimbursed or paid for by employers.

Reductions and concessions

You can reduce the taxable value of an expense payment fringe benefit (or eliminate it entirely) if:

- your employee could have claimed the expense as an income tax deduction, had they paid for it themselves
  - this is called the otherwise deductible rule and can be used to reduce your FBT liability
  - there are certain records you need to keep
- your employee incurred the expense to purchase goods or services from your business – In-house expense payment fringe benefits
- the benefit is eligible for an exemption or concession, such as for relocation expenses or living away from home expenses.

Records you need to keep

When record keeping for FBT, you must keep records that:

- show how you calculated the taxable value of the expense payment fringe benefit
- support any exemption or concession you used.

Records and the otherwise deductible rule

If you use the otherwise deductible rule, you must have certain documents to demonstrate the extent to which the expense would be deductible to the employee. This is a substantiation requirement. They may include a travel diary kept by the employee or an employee declaration.

Or, you can choose to rely on FBT alternative record keeping for expense payment fringe benefits as detailed in the LI 2024/6 legislative instrument and LI 2024/6 explanatory statement.

Learning resources

You can register for an expense payments fringe benefits tax session, part of the Essentials to strengthen your small business online learning platform.

Our Expense payment fringe benefits guide for small business employers (PDF, 573KB) will help you understand if you're providing an expense payment fringe benefit.

QC 71145

Loan and debt waiver fringe benefits

Find out if FBT applies when you lend money to an employee or forgive their debt, and how much you pay.

Last updated 6 March 2025

On this page

What a loan fringe benefit is

If you lend money to an employee at an interest rate below the statutory interest rate, it is a loan fringe benefit. The same applies if you lend money to an employee at no interest.

A loan includes:

- an amount you give an employee on the understanding they will repay you
- a debt an employee owes to you that you don't force them to pay by the due date.

Exempt loans

A loan you make to an employee is exempt from fringe benefits tax (FBT) if:

- you're in the business of lending money, and the interest rate on the loan to the employee is at least equal to the interest you charge on a comparable loan to the public
- the loan is an advance solely for the employee to meet employment-related expenses they will incur within 6 months of the advance
- the loan is an advance, repayable within 12 months, solely for the employee to pay a security deposit on accommodation. The accommodation must be an exempt benefit, or temporary accommodation eligible for a reduced taxable value under the relocation concessions.

What a debt waiver fringe benefit is

If you waive an employee's loan debt (that is, you don't require them to repay it), it is a debt waiver fringe benefit.

For example, if you sell goods to your employee and later tell them they don't have to pay the invoice for the goods, you have provided a debt waiver fringe benefit.

However, it isn't a debt waiver fringe benefit if you write off a debt for reasons unrelated to the employment relationship. In this case it is a genuine bad debt.

What to do if you provide a loan or debt waiver fringe benefit

You need to:

1. work out the
   - taxable value of the loan fringe benefit
   - taxable value of the debt waiver fringe benefit
2. keep the appropriate records
3. calculate how much FBT to pay
4. lodge your FBT return
5. pay the FBT amount
6. check if you should report the fringe benefit through Single Touch Payroll (or on your employee's payment summary).

Taxable value of loan fringe benefits

The taxable value of a loan fringe benefit is the difference between the interest that:

- would have been charged on the loan if the statutory rate of interest had applied
- was actually charged.

Reductions and concessions

You can reduce the taxable value of a loan fringe benefit if your employee could have claimed a deduction for the interest on the loan. You may even be able to eliminate it entirely. This is called the otherwise deductible rule and can reduce your FBT liability. There are certain records you need to keep. For example, the employee would generally be entitled to a deduction if they use the loan to invest in shares or to acquire a car for work use.

GST doesn't affect the taxable value of loan fringe benefits. When grossing up the taxable value of loan benefits to calculate your FBT, you use the lower (type 2) rate.

Example: work out the taxable value of a low-interest loan

On 1 April 2021 Joan lends an employee $50,000 at an annual interest rate of 4% (payable 6-monthly). The statutory interest rate is 4.52%.

Joan's employee isn't required to repay any of the principal amount during the first 12 months.

The interest Joan actually charges for the 2021–22 FBT year is $50,000 × 4% = $2,000.

The interest at the statutory rate would have been
$50,000 × 4.52% = $2,260.

The taxable value of the loan fringe benefit is the difference between the interest that would have been charged at the statutory rate and the interest that Joan actually charged:

$2,260 – $2,000 = $260.

Taxable value of debt waiver fringe benefits

The taxable value of a debt waiver fringe benefit is the total amount of the debt you've released, including accrued interest.

GST doesn't affect the taxable value of debt waiver fringe benefits. When grossing up the taxable value of these benefits to calculate your FBT, you use the lower (type 2) rate.

Records you need to keep

With record keeping for FBT, you must keep records that:

- show how you calculated the taxable value of the loan or debt waiver fringe benefit
- support any exemption or concession you used.

If you use the otherwise deducible rule for loan fringe benefits, you must get an employee declaration that states the extent to which the interest would be deductible. This is a substantiation requirement.

QC 71146

Property fringe benefits

What to do if you give your employees property fringe benefits, such as physical goods, real estate or shares.

Last updated 6 March 2025

On this page

What a property fringe benefit is

For fringe benefits tax (FBT) purposes, property includes:

- goods, such as items of clothing or a television
- real property, such as land and buildings
- financial assets, such as shares, bonds or crypto assets.

This doesn't include any property that is specifically included within another fringe benefit type, such as cars or food provided for entertainment purposes.

Exempt property benefits

You don't pay FBT on:

- food you provide to your employee that they consume on your business premises on a working day – exempt property benefits

- goods you provided to your employees to help them during COVID-19
- payments to worker entitlement funds if they meet specific conditions
- property that is exempt from FBT, such as some work-related items.

What to do if you provide a property fringe benefit

You need to:

1. work out the taxable value of your property fringe benefit
2. keep the appropriate records
3. calculate how much FBT to pay
4. lodge your FBT return
5. pay the FBT amount
6. check if you need to report the fringe benefits amount through Single Touch Payroll (or on your employee's payment summary).

Taxable value of a property fringe benefit

How you calculate the taxable value of a property fringe benefit depends on whether it is an:

- in-house property fringe benefit – goods that are identical or similar to goods your business sells
- external property fringe benefit.

In-house property fringe benefits

In-house property fringe benefits are goods that are identical or similar to goods your business sells. The benefit must consist of goods, and not real estate, buildings or shares.

Salary-packaged benefits

If you provide a property fringe benefit to your employee under a salary packaging arrangement, the benefit's taxable value is the amount your employee could expect to pay for the property at market value.

Example: taxable value of an in-house property fringe benefit

Kane works at the ABC Meat Works abattoir. As part of his annual pay negotiations, he agrees to a reduction in his salary in exchange for a meat pack for Christmas. The meat pack is an in-house property fringe benefit.

The taxable value of the benefit provided to Kane is the market value of the meat. As Kane isn't a wholesaler, the taxable value is therefore the retail price of the meat.

Non-salary packaged benefits

Goods you purchased for resale

If the property is goods that you purchased for resale in your business, the taxable value is the lesser of the:

- arm’s length purchase price of the goods
- market value of the goods.

Goods your business manufactured or processed

If the property you provide is goods that your business manufactured or processed for sale to:

- manufacturers, wholesalers or retailers, the taxable value is the lowest arm's length selling price at the time you provide the goods
- the general public, the taxable value is 75% of the lowest selling price you charge the public.

Employee contribution

For all of the above, the taxable value is reduced by any employee contribution.

External property fringe benefits

An external property fringe benefit is property that either:

- you don't sell in the ordinary course of your business

- is not a 'good' – for example, real estate or a financial investment.

If you paid for the property in an arm's length transaction, the benefit's taxable value is generally what it cost you, less any employee contribution.

Reductions and concessions

You can reduce the taxable value of a property fringe benefit (or eliminate it entirely) if:

- your employee could have claimed the cost of the property as an income tax deduction, had they purchased it themselves
  - this is called the otherwise deductible rule and can reduce your FBT liability
  - there are certain records you need to keep
- the benefit is eligible for an exemption or concession.

Records you need to keep

When record keeping for FBT, you must keep records that:

- show how you calculated the taxable value of the property fringe benefit
- support any exemption or concession you used.

Otherwise deductible rule

If you use the otherwise deductible rule, you must have certain documents to demonstrate the extent to which the purchase price of the property would be deductible to the employee. This is a substantiation requirement. They may include a travel diary kept by the employee or an employee declaration.

Or, if you use the otherwise deductible rule, you can choose to rely on FBT alternative record keeping for property fringe benefits as detailed in the LI 2024/6 legislative instrument and LI 2024/6 explanatory statement.

QC 71154

Residual fringe benefits

Check if you provide residual fringe benefits to your employees, and calculate the taxable value of the benefits.

Last updated 6 March 2025

On this page

What a residual fringe benefit is

A residual fringe benefit may arise if you provide your employee with any benefit (including a right, privilege, service or facility) that doesn't fall into one of the specific types of fringe benefits.

For example, it may be a residual fringe benefit if you provide your employee with:

- use of your (the employer's) property, such as a video camera or television
- a service, such as advice given by a solicitor
- insurance cover, such as a group policy for health insurance
- private use of a motor vehicle that isn't a 'car' for fringe benefits tax (FBT) purposes, such as a one-tonne utility.

Exempt residual benefits

You don't pay FBT if the residual benefit is an exempt benefit, such as a minor benefit, or a portable electronic device provided to allow the employee to work from home.

You may be entitled to an exemption for benefits provided because of COVID-19.

Exempt benefits differ from reductions and concessions you may be able to apply to the taxable value of a residual fringe benefit. If the benefit is exempt, you don't need to calculate its taxable value.

What to do if you provide a residual fringe benefit

You need to:

1. work out the taxable value of the residual fringe benefit
2. keep the appropriate records
3. calculate how much FBT to pay
4. lodge your FBT return
5. pay the FBT amount
6. check if you should report the fringe benefit through Single Touch Payroll (or on your employee's payment summary).

Taxable value of a residual fringe benefit

Generally, the taxable value of a residual fringe benefit is the GST-inclusive value of the benefit, less any employee contribution.

If the benefit is similar to rights, services or facilities you provide to the public in the ordinary course of business, it is valued as an 'in-house' residual fringe benefit.

Salary packaging arrangement

For in-house residual fringe benefits that are provided through a salary packaging arrangement, the taxable value is:

- the amount the employee could reasonably be expected to pay for the benefit under an arm's length transaction
- less any employee contribution

Not a salary packaging arrangement

For in-house residual fringe benefits that aren't provided through a salary packaging arrangement, the taxable value is:

- 75% of the lowest arm's length price charged to the public for identical benefits
- less any employee contribution.

Reductions and concessions

You can reduce the taxable value of a residual fringe benefit (or eliminate it entirely) if either:

- your employee could have claimed the benefit as an income tax deduction, had they paid for it themselves
  - this is called the otherwise deductible rule and can reduce your FBT liability
  - there are certain records you need to keep
- the benefit is eligible for an exemption or concession, such as for temporary accommodation when relocating an employee.

Records you need to keep

When record keeping for FBT, you must keep records that:

- show how you calculated the taxable value of the residual fringe benefit
- support any exemption or concession you used.

Records and the otherwise deductible rule

If you use the otherwise deductible rule, you must have certain documents to demonstrate the extent to which the purchase price of the residual benefit would be deductible to the employee. This is a substantiation requirement. They may include a travel diary kept by the employee or an employee declaration.

Or, you can choose to rely on FBT alternative record keeping for residual fringe benefits as detailed in the LI 2024/6 legislative instrument and LI 2024/6 explanatory statement.

QC 71155

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 and it turns out to be incorrect, or it is misleading and you make a mistake as a result, we will take that into account when determining what action, if any, we should take.

Some of the information on this website applies to a specific financial year. This is clearly marked. Make sure you have the information for the right year before making decisions based on that information.

If you feel that our information does not fully cover your circumstances, or you are unsure how it applies to you, contact us or seek professional advice.