


CR 2022/52 - Espresso Displays Pty Ltd - portable display monitors

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Status: **legally binding**

Class Ruling

Espresso Displays Pty Ltd – portable display monitors

📌 Relying on this Ruling

This publication (excluding appendix) is a public ruling for the purposes of the *Taxation Administration Act 1953*.

If this Ruling applies to you, and you correctly rely on it, we will apply the law to you in the way set out in this Ruling. That is, you will not pay any more tax or penalties or interest in respect of the matters covered by this Ruling.

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What this Ruling is about

1. This Ruling sets out the fringe benefit tax (FBT) consequences for employers purchasing portable display monitors (display monitors) from Espresso Displays Pty Ltd (Espresso) for their employees' use where the monitor will be primarily used for work-related purposes.
2. Full details of this scheme are set out in paragraphs 10 to 17 of this Ruling.
3. All legislative references in this Ruling are to the *Fringe Benefits Tax Assessment Act 1986*, unless otherwise indicated.

Note: By issuing this Ruling, the ATO is not endorsing this product. Potential purchasers must form their own view about the product.

Who this Ruling applies to

4. This Ruling applies to you if you are an employer who has purchased Espresso display monitors for your employees to use.

When this Ruling applies

5. This Ruling applies from 1 April 2021 to 31 March 2025.

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Ruling

6. The exemption under section 58X applies to employers who are providing expense payment benefits, property benefits or residual benefits for an eligible work item to an employee which is in respect of the employee's employment and used primarily for work-related purposes.

7. The exemption under section 58X applies to the eligible work items as listed in subsection 58X(2). A portable electronic device is an eligible work-related item as listed at paragraph 58X(2)(a).

8. An Espresso display monitor provided to employees by their employers, primarily for use in the employee's employment, will meet the definition of a 'portable electronic device' and will be considered an exempt benefit under section 58X.

9. The exemption under section 58X is limited by subsection 58X(3) to one item per FBT year, unless the item is a replacement item as allowed by subsection 58X(4).

Scheme

10. The following description of the scheme is based on information provided by the applicant. If the scheme is not carried out as described, this Ruling cannot be relied upon.

11. Espresso is an Australian technology company specialising in display monitors. The display monitors are available for purchase by employers for their employees' use. The display monitors are provided to employees' primarily for use in performing their employment duties.

12. Espresso has developed a portable electronic monitor (13 inch and 15 inch) that can be paired with any device (for example, smartphone, laptop, desktop) using a USB-C, HDMI or mini-dp cable without having to be connected to an independent power source (that is, electrical power outlet or wall socket).

13. Espresso display monitors can be used with espressoFlow software for Mac or Windows that enables auto-rotation, display brightness and alignment management, white-boarding and note-taking, markup and window application of management.

14. The display monitors are designed to operate alongside other portable devices (for example, laptop, smartphone) and use the power stored in those devices.

15. Espresso display monitors have a range of magnetic accessories that enable working from any location.

16. The display monitors come in 2 sizes:

- Size and weight

13 inch display

Width: 308 mm (12 in)

Height: 228 mm (9 in)

Depth: 5.3 mm (0.2 in)

Weight: 650g (1.5 lb)

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15 inch display

Width: 356 mm (14 in)

Height: 256 mm (10 in)

Depth: 5.3 mm (0.2 in)

Weight: 865g (2 lb).

- The device contains a touch screen.
- The screen can be rotated vertically or horizontally to align with the user requirements.

17. The design of the display monitor is to cater for a mobile workforce.

Commissioner of Taxation

15 June 2022

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Appendix – Explanation

❶ *This Explanation is provided as information to help you understand how the Commissioner's view has been reached. It does not form part of the binding public ruling.*

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Has a benefit been provided?

18. A 'fringe benefit' is defined in subsection 136(1) as:
- ... in relation to an employee, in relation to the employer of the employee, in relation to a year of tax, means a benefit:
- (a) provided at any time during the year of tax; or
 - (b) provided in respect of the year of tax;
- being a benefit provided to the employee or to an associate of the employee by:
- (c) the employer; or
 - (d) an associate of the employer; or
 - (e) ...
- in respect of the employment of the employee, but does not include:
- (f) ...
 - (g) a benefit that is an exempt benefit in relation to the year of tax ...
19. A 'benefit' is defined in subsection 136(1) as including:
- ... any right (including a right in relation to, and an interest in, real or personal property), privilege, service or facility and, without limiting the generality of the foregoing, includes a right, benefit, privilege, service or facility that is, or is to be, provided under:
- (a) an arrangement for or in relation to:
 - (i) the performance of work (including work of a professional nature), whether with or without the provision of property;
 - (ii) the provision of, or of the use of facilities for, entertainment, recreation or instruction; or
 - (iii) the conferring of rights, benefits or privileges for which remuneration is payable in the form of a royalty, tribute, levy or similar exaction ...
20. For a fringe benefit to arise, a benefit must have been provided, and the provision of the benefit must have arisen in respect of employment of the employee.
21. The definition of a fringe benefit in subsection 136(1) excludes at paragraph (g) a benefit that is an exempt benefit in relation to the year of tax.

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Section 58X exempt benefits

22. For the purposes of this Ruling, the relevant exemption is the exemption provided under section 58X for an eligible work item provided to an employee in respect of their employment and used primarily for work-related purposes.

23. Section 58X exempts certain work-related items from fringe benefits tax:

- (1) Any of the following benefits provided by an employer to an employee of the employer in respect of the employee's employment is an exempt benefit:
 - (a) an expense payment benefit where the recipients expenditure is in respect of an eligible work related item;
 - (b) a property benefit where the recipients property is an eligible work related item;
 - (c) a residual benefit where the recipients benefit consists of the making available of an eligible work related item.
- (2) Subject to subsection (3), each of the following is **an eligible work related item** if it is primarily for use in the employee's employment:
 - (a) a portable electronic device;
 - (b) an item of computer software;
 - (c) an item of protective clothing;
 - (d) a briefcase;
 - (e) a tool of trade.
- (3) An item (the **later item**) listed in subsection (2) is not an **eligible work related item** if, earlier in the FBT year, an expense payment benefit or a property benefit of the employee has arisen in relation to another item that has substantially identical functions to the later item.
- (4) However, subsection (3) does not apply if:
 - (a) the later item is a replacement for the other item; or
 - (b) the later item is a portable electronic device, and the employer is a small business entity, or is an employer covered by subsection (5), for:
 - (i) the year of income starting most recently after the start of the FBT year; or
 - (ii) the year of income ending most recently after the start of the FBT year.

Example:

For paragraph (a), the later item would be a replacement for the other item if the other item were lost or destroyed, or needed replacing because of developments in technology.

Portable electronic device

24. The term portable electronic device is not defined in the legislation.

25. ATO Interpretative Decision ATOID 2008/133 *Fringe Benefits Tax Exempt Benefits: work related items – a portable electronic device* provides guidance on what a portable

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electronic device is for the purposes of paragraph 58X(2)(a) in the context of considering whether a GPS navigation system is a portable electronic device:

... the primary characteristics of 'a portable electronic device' for the purposes of this provision would be that the device is:

- easily portable and designed for use away from an office environment
- small and light
- can operate without an external power supply, and
- designed as a complete unit.

If a device has these characteristics it would be 'a portable electronic device' for the purposes of paragraph 58X(2)(a) of the FBTA.

Primarily for use in employee's employment

26. In accordance with subsection 58X(2), a portable electronic device will meet the definition of an eligible work-related item if it is primarily for use in the employee's employment.

27. The word 'primarily' is not defined in the legislation; therefore, it takes on its ordinary meaning. *The Macquarie Dictionary*, defines 'primarily' as 'in the first place; chiefly; principally'.¹

28. The decision about whether an item is primarily for use in the employee's employment is based on the employee's intended use at the time the benefit is provided to the employee.

29. The outline of the scheme indicates that the display monitors are designed for a mobile and flexible workforce, allowing the display monitors to be used at home, office, cafes or wherever the employee is on a particular day.

30. Accordingly, an Espresso display monitor provided to employees by their employers, primarily for use in the employee's employment will meet the definition of a 'portable electronic device' and will be considered an exempt benefit under section 58X.

31. The exemption under section 58X applies to an 'eligible work-related item' and is limited by subsection 58X(3) to one item per FBT year, unless the item is a replacement item as allowed by subsection 58X(4).

¹ Macmillan Publishers Australia, *The Macquarie Dictionary* online, www.macquariedictionary.com.au, accessed 4 May 2022.

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References

Legislative references:

- FBTA 1986 136(1)
- FBTA 1986 58X
- FBTA 1986 58X(2)
- FBTA 1986 58X(2)(a)
- FBTA 1986 58X(3)
- FBTA 1986 58X(4)

Other references:

- ATO ID 2008/133
- Macmillan Publishers Australia,
The Macquarie Dictionary online,
www.macquariedictionary.com.au

ATO references

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