TD 93/D7 - Fringe benefits tax: do redeemable vouchers awarded to staff as part of an incentive scheme qualify as exempt benefits in terms of section 58P of the Fringe Benefits Tax Assessment Act 1986 (FBTAA)?

This cover sheet is provided for information only. It does not form part of *TD 93/D7 - Fringe benefits tax: do redeemable vouchers awarded to staff as part of an incentive scheme qualify as exempt benefits in terms of section 58P of the Fringe Benefits Tax Assessment Act 1986 (FBTAA)?*

This document has been finalised by TD 93/76.

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Draft Taxation Determination

Fringe benefits tax: do redeemable vouchers awarded to staff as part of an incentive scheme qualify as exempt benefits in terms of section 58P of the *Fringe Benefits Tax Assessment Act 1986* (FBTAA)?

1. No. Section 58P exempts benefits from being treated as a fringe benefit only where the conditions of section 58P have been satisfied.

2. Awards such as 'redeemable vouchers' or other payments in 'kind' provided by an employer to an employee under a staff incentive scheme are regarded as being principally in the nature of remuneration to the employee as a reward for services rendered by the employee to the employer.

3. Having regard also to the structured nature of the incentive scheme, i.e., a regular and ongoing award scheme incorporated for the benefit of employees, we consider that the tests of paragraph 58P(1)(f) of the FBTAA would not be satisfied. Therefore, redeemable vouchers awarded to staff as part of an incentive scheme do not qualify as an exempt benefit.

Examples:

1. A and B Sales Pty Ltd operate a Sales Incentive Scheme for the benefit of their employees. Employees who achieve 95% or more of monthly sales targets are rewarded with vouchers having a face value of $30 redeemable for goods or services at the M and N Discount Store. As the vouchers have been awarded in respect of services rendered by the employee to the employer, and the vouchers can reasonably be expected to be frequent and/or regular , the benefit received does not qualify for exemption under section 58P of the FBTAA.

2. XYZ Manufacturing Pty Ltd operate a Productivity Award Scheme for the benefit of their employees. Employees who provide additional or improved labour productivity to the employer are rewarded with vouchers having a face value of $35 redeemable for goods or services at the Busy Bee Supermarket. As the vouchers have been awarded in respect of services rendered by the employee to the employer, and the vouchers can reasonably be expected to be frequent and/or regular , the benefit received does not qualify for exemption under section 58P of the FBTAA.

Commissioner of Taxation
21/01/93

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