

CR 2014/75A1 - Addendum - Fringe benefits tax: employer clients of Emerchants Payment Solutions Limited (Emerchants) who are subject to the provisions of either section 57A or section 65J of the Fringe Benefits Tax Assessment Act 1986 and make use of the Emerchants' Living Expenses Card facility

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Addendum

Class Ruling

Fringe benefits tax: employer clients of Emerchants Payment Solutions Limited (Emerchants) who are subject to the provisions of either section 57A or section 65J of the *Fringe Benefits Tax Assessment Act 1986* and make use of the Emerchants' Living Expenses Card facility

This Addendum is a public ruling for the purposes of the *Taxation Administration Act 1953*. This Addendum amends Class Ruling CR 2014/75 to state that either the Debit BIN or Credit BIN cards can be used by employees (cardholders) to provide either type of fringe benefits (i.e. the underlying goods and services, or payment for extinguishment of the obligation to the card provider).

CR 2014/75 is amended as follows:

1. Paragraph 5

Omit the reference to paragraph '36'; substitute '34'.

2. Paragraph 8

Omit the last dot point; substitute:

- additional information provided on 12 May 2014, 13 May 2014, 30 May 2014, 23 July 2014 and 15 August 2016.

3. Paragraph 33

Omit the paragraph; substitute:

33. The SSAs (for either the Debit BIN or the Credit BIN cards) will specify whether the benefits provided to the cardholders are either:

- The particular goods and/or services supplied to the cardholders; or

- The complete extinguishment of the cardholders' then liabilities to the card providers (the Emerchants' authorised deposit-taking institution) without reference to any specific purchases listed on the credit or debit card statements.

4. Paragraph 34

Omit the paragraph; substitute:

34. Furthermore, the SSA will specify that:
- where the benefits being provided to the cardholders are the particular goods and/or services supplied to the cardholders, the participating employers have the prime responsibility to pay the merchants or service providers; and
 - where the benefits being provided to the cardholders are the complete extinguishment of the cardholders' then liabilities to the card providers, the cardholders have the prime responsibility to pay the card providers.

5. Paragraph 35

Omit the paragraph; substitute:

35. Benefits provided by participating employers to cardholders, using cards with a Debit or Credit BIN, where the accompanying SSA states that the benefits being provided to the cardholders are the particular goods and/or services supplied to the cardholders and that the participating employers have the prime responsibility to pay the merchants or service providers, may include property benefits under section 40 and/or residual benefits under section 45.

6. Paragraph 36

Omit the paragraph; substitute:

36. Benefits provided by participating employers to cardholders, using cards with a Debit or a Credit BIN, where the accompanying SSA states that the benefits being provided to the cardholders is the complete extinguishment of the cardholders' then liabilities to the card providers and that the cardholders have the prime responsibility to pay the card providers, constitute an expense payment under section 20.

7. Paragraph 42

Omit the paragraph; substitute:

42. Benefits provided by participating employers to cardholders, using cards with a Debit or a Credit BIN, where the accompanying SSA states that the benefits being provided to the cardholders are the particular goods and/or services supplied to the cardholders and that the participating employers have the prime responsibility to pay the merchants or service providers will be GST-creditable benefits if the requirements of section 149A are satisfied in respect of the underlying goods and/or services supplied. Such benefits will be type 1 benefits for the purpose of section 5C. The benefit will be type 2 benefits where the requirements of section 149A are not satisfied.

8. Paragraph 43

Omit the paragraph; substitute:

43. Benefits provided by participating employers to cardholders, using cards with a Debit or a Credit BIN, where the accompanying SSA states that the benefits being provided to the cardholders is the complete extinguishment of the cardholders' then liabilities to the card providers and that the cardholders have the prime responsibility to pay the card providers, will be expense payment benefits, and are not GST-creditable benefits for the purpose of section 149A. They are type 2 benefits for the purpose of section 5C.

9. Paragraph 44

Omit the heading; substitute:

Types of benefits arising from the use of the Salary Packaging Card facility

Goods and/or services benefits

10. Paragraph 45

Omit the paragraph; substitute:

45. Where the SSA provides that goods and/or services will be supplied to the cardholders, the debts to the merchants or to the other suppliers of goods or services are met from the funds then held in the employer's disbursement account and made available (loaded) on to the card.

11. Paragraph 46

Omit the paragraph; substitute:

46. The employers are the ones primarily liable for all transactions arising from the use of the cards where the SSA provides that goods and/or services will be supplied to the cardholders. Therefore, when the cardholders use the cards it is, nonetheless, the employers who are incurring the relevant debts to the merchants or to the other suppliers of goods or services.

12. Paragraph 48

Omit 'with a Debit BIN'.

13. Paragraph 54

Omit the heading and paragraph; substitute:

Extinguishment of liabilities benefits

54. The SSA will specify that where the benefits being provided to the cardholders are the complete extinguishment of the cardholders' then liabilities to the card providers, the cardholders have the prime responsibility to pay the card providers.

14. Paragraph 56

Omit the paragraph; substitute:

56. The cardholders are primarily liable for all expenditure incurred where the benefits being provided to the cardholders are the complete extinguishment of the cardholders' then liabilities to the card providers. The obligation that is discharged is therefore the cardholder's obligation to the card provider for any debt incurred using the card.

15. Paragraph 57

In the first sentence, omit 'credit'; substitute 'card'.

16. Paragraph 58

(a) In the last sentence, omit 'credit'; substitute 'card'.

(b) In the last sentence, insert 'or debit' before the words 'card bills'.

17. Paragraph 59

Omit the heading; substitute:

Employers subject to section 57A who participate in the arrangements

18. Paragraph 65

Omit the paragraph; substitute:

65. The benefits of the underlying goods and services provided to cardholders who are employees of participating employers subject to the provisions of section 57A, will be exempt under section 57A where the grossed-up taxable value of the benefits provided in the FBT year do not exceed the threshold specified in subsection 5B(1E).

19. Paragraph 66

- (a) Omit the heading.
- (b) Omit 'using cards with a Credit BIN, and' from the first sentence.

20. Paragraph 67

Omit the heading; substitute:

Employers subject to section 65J who participate in the arrangements

21. Paragraph 74

- (a) Omit the heading.
- (b) Omit 'with a Credit BIN'.

22. Paragraph 75

- (a) Omit the heading; 'substitute:
Are the benefits of the underlying goods and services provided from the use of the Salary Packaging card type 1 or type 2 benefits?
- (b) Omit 'with a Debit BIN'

23. Paragraph 79

- (a) In the first sentence, after the words 'Therefore, benefits' insert 'of the underlying goods and services'.
- (b) Omit 'with a Debit BIN'.

24. Paragraph 80

- (a) In the first sentence, after the words, 'the benefits' insert 'of the underlying goods and services'.
- (b) Omit 'with a Debit BIN'.

25. Paragraph 81

Omit the heading; substitute:

Are the benefits of payment for extinguishment of the obligation provided from the use of the Salary Packaging card type 1 or type 2 benefits?

26. Paragraph 82

Omit the paragraph; substitute:

82. The SSAs will specify that where the benefits being provided to the cardholders are the complete extinguishment of the cardholders' then liabilities to the card providers, the cardholders have the prime responsibility to pay the card providers.'

27. Paragraph 85

Omit the paragraph; substitute:

85. The terms and conditions of the SSAs will specify that where the benefits provided by the participating employers to the cardholders are the complete extinguishment of the cardholders' then liabilities to the card providers without reference to any specific purchases listed on the credit or debit card statements.

28. Paragraph 86

- (a) Omit 'credit', substitute 'card'
- (b) Omit 'in respect of a card with a Credit BIN'.

29. Paragraph 87

- (a) Omit 'credit'; substitute 'card'
- (b) Omit 'in respect of a card with a Credit BIN'.

30. Paragraph 88 - Appendix 2 – Detailed contents list

Omit:

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Substitute:

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This Addendum applies on and from 28 September 2016.

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