

**Examples of the impact of receiving minor entertainment benefits on  
an employee of a GOC**

Public Accounts and Audit  
Joint Committee of  
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**Example 1**

Julie works for a GOC, which for all practical purposes operates as a normal business. She had commenced her university studies and already had a HECS debt before she began working for the GOC as a para-professional. The GOC encourages staff to further their education and has a policy of refunding 50% of study costs upon successful completion of each subject. During the FBT year, Julie successfully completes 2 subjects a semester and one over summer.

Julie's taxable income is \$48,500, she does not have private health insurance.

<i>Description of fringe benefit</i>		<i>FBT taxable value</i>
1	While the 50% reimbursement of her student union fees is 'otherwise deductible' and does not attract FBT, the 50% HECs reimbursement is subject to FBT. The HECS is \$642 per subject, so she is reimbursed \$962.	962.00
2	Julie's work group has an annual planning day. There are a number of new team members, and their manager decides that to help foster team work and encourage leadership, they will finish off the day playing Squirmish. The entry fee plus minibus hire to the venue is \$45.  Julie dislikes playing Squirmish but is told that being 'part of the team' is important and feels she has to participate.	60.00
Taxable value of reportable fringe benefits received during the FBT year		1,022.00

Because Julie received reportable fringe benefits worth more than \$1000, the grossed up amount of \$1,910 will be disclosed on her Payment Summary (\$1022 x 1.8692).

Her combined taxable income plus Reportable Fringe Benefit Amount is now \$50,410. This impacts on Julie in the following ways:

- She is now liable for the Medicare Levy Surcharge of \$504.
- Her compulsory HECs repayments are increased by a further \$357.
- With no reportable fringe benefit amount, she would have paid \$2,667 (\$48,500 x 5.5%), but now has to pay \$3,024 (\$50,410 x 6%).

***If Julie worked for a Federal taxpayer, the team building activity would be an exempt minor benefit, and no Reportable Fringe Benefit Amount would have appeared on her Payment Summary. She has had to pay an additional \$861 as a consequence of working for a GOC, and from having participated in a work activity that represented no value to her.***

## Example 2

Fred is a technician who works for a GOC, which for all practical purposes operates as a normal business. Fred's taxable income is \$60,000, factoring in overtime and allowances. He is married with a young child. The family receive the Family Tax Benefit. Fred receives a number of fringe benefits in the course of his employment.

	<b>Description of fringe benefit</b>	<b>FBT taxable value</b>
1	<p>Fred's job involves a lot of driving out to various sites, and is allocated a 4WD which enables him to do this. He is not allowed to use the vehicle for private use other than home-to-work travel.</p> <p>While he will generally drive directly to the site in the morning (business travel), he often finishes the day at the office, where he checks emails, deals with paperwork, discusses matters with his supervisor etc before returning home (private travel for FBT).</p> <p>He is regularly on call, meaning he must drive the vehicle home (private travel for FBT) just in case he is needed for an emergency during the night.</p> <p>Fred has maintained a logbook, which establishes 96% business use. FBT is payable on the 4% private use, and allocated to Fred as a reportable benefit.</p>	860.00
2	<p>Fred's 6-member work group is awarded the company's \$500 monthly team incentive award for outstanding customer service. They cannot convert it to cash. They decide to go Go-Karting as a team on their RDO.</p>	83.00
3	<p>To thank the staff – and their families – for the enormous effort and sacrifices during a natural disaster, the GOC puts on a free Family Fun Day with a BBQ, band and jumping castle and other rides.</p> <p>The accountants determine that based on the number of attendees, the non-meal portion of the cost was \$30 pp. Fred's wife and child also attended.</p>	90.00
Taxable value of reportable fringe benefits received during the FBT year		1,033.00

Fred will have a reportable fringe benefit amount of \$1,931 disclosed on his Payment Summary. The underlying value of \$1,033 is counted as income and it will reduce his Family Tax Benefit entitlements accordingly. Fred is struggling financially, had not budgeted on having a Reportable Fringe Benefit Amount and the reduction in Family Tax Benefit.

***If Fred worked for a Federal taxpayer, the Go-Karting and Family Fun Day would be exempt minor benefits. No amount would have appeared on Fred's Payment Summary and his Family Tax Benefit entitlements would not have been affected.***