



Australia - Fringe Benefits Tax Considerations for Employers Facing COVID-19 Challenges

The Australian Taxation Office (ATO) and State Revenues have been putting forward various fiscal measures to help relieve the tax challenges faced by businesses and employees as they confront a growing COVID-19 outbreak in the country and abroad. While currently there is no automatic Fringe Benefits Tax (FBT) deferral in Australia, the ATO has indicated it will consider requests of payment deferral of up to six months.¹

Referring to a FAQ on the ATO's website, the ATO is also providing pragmatic guidance on FBT technical matters during the COVID-19 crisis where employers may be providing non-cash benefits to employees (this includes outlining a range of exemptions and concessions which may apply).²

WHY THIS MATTERS

Employers are looking to support their employees working under conditions that are not routine. The ATO's pragmatic guidance is welcome in that it should help ensure employers are able to take steps to help contain associated FBT costs.

Steps Taken by ATO Regarding FBT, Employer Considerations

The ATO has updated its website on COVID-19 issues and has provided a [FAQ](#) in relation to various issues including the following FBT matters:

- 1 Confirmed the emergency assistance exemption can apply to emergency accommodation, food, transport, or other assistance provided to an employee affected by COVID-19, if the employee has been located in a high-risk area and has been relocated or otherwise required to self-isolate.

- 2 Confirmed FBT will apply to employers who pay for their employees' ongoing medical or hospital expenses. However, the cost of transporting an employee from his or her workplace to seek medical assistance is exempt from FBT.
- 3 Confirmed work-related item exemption can apply to a laptop, portable printer, or other portable electronic devices provided to an employee to enable him or her to work from home or from another location, if they are used primarily for purposes of the employee's employment.

FAQs on Practical Considerations Being Investigated (More Updates to Follow)

There are a number of different questions being asked by employers who have employees working in locations that may not have been contemplated (e.g., internationally, interstate, or working from home).³ We have outlined below some FAQs from employers.

Fringe benefits tax – how can I best support my employees with health matters or relocation matters?

- The FBT rules allow for benefits to be provided by employers to employees for 'immediate relief' in the form of 'emergency assistance'. This can include support provided to an employee who is sick or required to self-isolate including flights and accommodation provided to employees needing to return home from overseas (or interstate). These costs can potentially be salary sacrificed by employees (allowing employees and employers to 'share' the funding of the benefit).
- It is important to note that the exemption for emergency health-care (as opposed to 'emergency assistance' outlined above) is comparatively limited to assistance provided at or adjacent to the worksite (and would not include ongoing medical or hospital expenses).

Fringe benefits tax – how can I best support my employees working from home?

- Employers can reimburse costs or provide gift cards/vouchers free of FBT if they meet the criteria for the following exemptions and concessions:
 - Minor benefit rule: up to \$299 (GST inclusive) value can be provided to employees as a minor benefit on an infrequent basis.
 - For expenses exceeding \$299, the 'otherwise deductible' rule can apply to reduce FBT to \$ nil where the employee would have been entitled to a 'once-off' income tax deduction had he incurred the expense himself. This could apply to home office expenses such as internet or telephone costs. It would not apply for depreciable assets e.g., office furniture and computer monitors.
 - For expenses exceeding \$299, they might also be exempt as a 'work-related item' which includes 'portable electronic devices' – e.g., laptops, mobile phones, portable printers, iPads.
- Salary sacrificing exempt or concessional benefits may be a way to 'share' funding of additional work-from-home requirements. Importantly, the minor benefit rule would not apply in a salary sacrificing context (but the 'otherwise deductible' rule and the work-related item exemption could apply for salary sacrificed benefits).

FOOTNOTES:

- 1 For ATO news releases concerning 2020 employer FBT obligations, see the “What’s New” section of the ATO website at: <https://www.ato.gov.au/Whats-new.aspx?marketsegment=Entire%20Website> .
- 2 See “COVID-19 frequently asked questions” at: <https://www.ato.gov.au/Individuals/Dealing-with-disasters/In-detail/Specific-disasters/COVID-19/?anchor=COVID19frequentlyaskedquestions> .
- 3 See: <https://www.ato.gov.au/Individuals/Dealing-with-disasters/In-detail/Specific-disasters/COVID-19/?anchor=COVID19frequentlyaskedquestions#Businesses> .

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