

FBT Exemption for Minor Unclassified Benefits

A special exemption applies to unclassified benefits which consist mainly of free or discounted goods and services provided to employees. This exemption also applies to shareholder employees.

This is: if the taxable value of all unclassified benefits provided to an employee during a quarter is **\$300** or less, those benefits are exempt from FBT.

However, this exemption does not apply if the total value of all unclassified benefits provided by the employer to all employees during the last 4 quarters including the current quarter exceeds \$22,500.

So an employer can generally pay up to \$1,200 in value of unclassified benefits to an employee in any given year.

An example of unclassified benefits would be:

- Petrol vouchers
- Other types of vouchers
- Gym membership
- Theatre tickets
- Clothing vouchers



But something to watch for, if you pay as one lump sum, say an annual gym membership of \$600, then it exceeds the threshold of \$300 in a quarter and so none of the benefit paid would be exempt from FBT. It would, therefore, be advantageous to pay this over say equal instalments to keep within the \$300 per quarter.

Please do not hesitate to contact one of our Accountants if you would like to discuss this further or if you have any queries.