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# FBT Exemption

## For Minor Private Use of Eligible Vehicles

Generally, a fringe benefit arises where an employer makes a vehicle they hold available for the private use of its employee. However, a fringe benefit is an exempt benefit where the private use of eligible vehicles by current employees is limited to work-related travel, and other private use that is 'minor, infrequent and irregular'.

The ATO found that feedback has shown inconsistency as to methods used by employers to ensure compliance, leading to additional compliance costs. To reduce these compliance costs and provide certainty, the ATO Guideline explains when the Commissioner will not apply compliance resources to determine if private use of the vehicle was limited. This Guideline applies to car benefits provided in the 2019 and later FBT years .

### The ATO Guideline

Employers can rely on the exemption from FBT provided under this guideline, if:

- they provide an eligible vehicle (eg. utes, panel vans) to a current employee,
- the vehicle is provided to the employee for business use to perform their work duties,
- The vehicle had a GST-inclusive value less than the luxury car tax threshold at the time the vehicle was acquired,
- the vehicle is not provided as part of a salary packaging arrangement and the employee cannot elect to receive additional remuneration in lieu of the use of the vehicle,
- the employer has a policy in place that limits private use of the vehicle and obtain assurance from its employee that private use is limited to use as outlined below,
- your employee uses the vehicle to travel between their home and their place of work and any diversion adds no more than 2km to the length of that trip; and
- for journeys undertaken for a wholly private purpose (other than travel between home and place of work), the employee does not use the vehicle to travel:
  - ◇ More than 1,000km in total, and
  - ◇ A return journey that exceeds 200km.

Where employers choose to rely on the guideline:

- they do not need to keep records about their employee's use of the vehicle that demonstrates that the private use of the vehicle is minor, infrequent and irregular, and
- the Commissioner will not devote compliance resources to review that the employer can access the car-related exemptions for that employee.

However, employers will need to check that they continue to meet the requirements of the guideline in each year they provide the vehicle.

We recommend reviewing your policies to ensure you can access this FBT concession.

### How can Brentnalls SA help?

At Brentnalls SA, we have the knowledge and experience to help you to understand how the changes could affect any business that provides utes, vans and similar exempt vehicles to their employees and/or Directors. Our objective is to see you and your business thrive now and into the future.

#### Disclaimer

*The information provided in this brochure does not constitute advice. The information is of a general nature only and does not take into account your individual objectives, financial situation or needs. It should not be used, relied upon, or treated as a substitute for specific professional advice. We recommend that you contact Brentnalls SA before making any decision to discuss your particular requirements or circumstances.*