

## 2025 Fringe Benefits Tax information

**On 31 March 2025, the Fringe Benefits Tax (FBT) year ends and we are reaching out to our clients to help you understand FBT and the implications for your business.**

In the past we have reviewed client records for the provision of fringe benefits and provided general advice on mitigation strategies, however, recent announcements from the ATO have prompted us to turn the spotlight on FBT compliance this year.

The ATO have been very clear that will be deploying resources to close an identified \$1.9 billion "FBT Revenue Gap". This will include data matching and closer scrutinisation of tax returns for expenses such as entertainment and motor vehicles.

To help you meet your FBT obligations, we've put together a list of essentials every employer needs to know about FBT and review every year, such as:

### 1. Should you be registered for FBT?

Generally, if you have employees (including Directors) and you provide them with cars, car parking, entertainment (food and drink), employee discounts, loans, or reimburse private expenses, then you are likely to be providing a fringe benefit and we will need to register your business for FBT.

There are 13 defined Fringe Benefit categories in the FBT law. Completing the FBT Questionnaire will help you identify if your business is supplying any of these. It will also help us to supply you with more detailed information relevant to your business, including, what information you will need to lodge an FBT return and how to collect it.

### 2. Should you lodge an FBT return even if no FBT is payable?

Where no FBT is payable there is legally no need to lodge an FBT return, but should you lodge one anyway? Our strong recommendation to you is **yes**, you should lodge an FBT return if you provide benefits to employees, even if no FBT is payable.

This restricts the ATO's audit window to only 3 years from the date of lodgement. Otherwise, the ATO is entitled to go back an unlimited number of years and audit your business and possibly find areas where they will charge you FBT and penalties.

Our Fact Sheet [Why should you lodge a return](#) explains this in more detail.

It is important to remember that while you may have no FBT payable some benefits are still reportable through your STP software. Including these in your STP finalisation and not lodging an FBT return may trigger further ATO review.

### 3. Key things to do on 31 March 2025

Whilst we strongly recommend that you register for FBT and if applicable lodge a Nil FBT Return, if you decide not to there is still key information that we need you to record as at 31 March 2025. We will then rely on this when we complete your 2024 annual Financial Statements. Here's a summary of what you need to do:

1. On Monday 31 March 2025, when the employees have finished their travel for the day request your team each take a photo of their vehicle odometer readings using their phones and email it the photo to you, or to a nominated person in your business to collate them all for you. It is vital for us to have these vehicle odometer readings to be able to determine if your FBT can be reduced by using the 'operating cost' method instead of the 'statutory formula' method.

Cont/...

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2. Carefully manage the private use of business cars, including the travel between home and work. The ATO is conducting a data matching program aimed at motor vehicles to capture benefits that aren't currently being reported through FBT. If significant variances are identified a full ATO audit may follow.

3. Review all meal entertainment expenses provided to employees, associates and clients and prepare a register that outlines the following for every event:

- The total cost (GST inclusive)
- How many employees were present and their names
- How many employees' associates were present and their names
- How many clients were present (names not needed)
- The nature of the event (dinner, lunch, coffee, drinks, etc.)

4. Consider if you have provided any other fringe benefits as highlighted in the FBT Questionnaire.

#### 4. What items are exempt from FBT?

The following items are unlikely to be subject to FBT: mobile phones, laptops, tablets, portable printers, protective clothing, tools of trade etc or minor and infrequent benefits that are less than \$300 in value.

To find out if you are eligible for the minor and infrequent benefit exemption – please refer to our [Applying the Minor & Infrequent Benefits Exemptions](#) fact sheet.

#### 5. Ways you can reduce your FBT liability

Here are some ways in which you can reduce your FBT liability:

- replace your fringe benefits with cash salary;
- provide benefits that your employees would be entitled to claim as an income tax deduction if they had to pay for the benefits themselves;
- look at providing benefits that are exempt from FBT; and
- use employee contributions to reduce the taxable value, for example, an employee paying for some of the operating costs of car fringe benefit such as fuel (or actual charging costs / cents per km basis) that you don't reimburse them for.

You need to be aware that any after tax cash employee contributions will be deemed assessable income to you and subject to GST.

#### FBT Fact Sheets

We have a number of FBT Fact Sheets designed to help you better understand the details, available from our website:

- [What is a Car Fringe Benefit?](#)
- [Workhorse Vehicles and new Safe Harbour provisions](#)
- [Employee Business Cars – Tips & Traps](#)
- [Entertaining, Meals & FBT – Tips & Traps](#)
- [Minor and Infrequent Benefits](#)
- [How the ATO identifies potential audits](#)
- [Why you should lodge a FBT Return](#)

#### Next Steps

The FBT year ends on 31 March 2025, and lodgements are due by 25 June 2025, so make sure you reach out to us for assistance in preparing your return as soon as possible. Call Collins Hume on 02 6686 3000 or email us at [client@collinshume.com.au](mailto:client@collinshume.com.au).

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