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2024 FBT Update: Navigating Vehicles, EVs, and Non-Cars

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With the end of the 2024 Fringe Benefits Tax (FBT) year rapidly approaching, Kimberley businesses need to carefully consider their vehicle-related fringe benefits to ensure compliance with current regulations. This year, with the increasing prevalence of Electric Vehicles (EVs) and recent updates from the Australian Taxation Office (ATO), there are several critical factors to keep in mind when preparing FBT returns. Let's delve into the key considerations for employers regarding vehicles this FBT season.

Electric Vehicles (EVs): EVs represent a significant shift in how relevant car fringe benefits are valued. Employers must understand the nuances of providing EVs to their employees and their impact on FBT returns.

Exemption: The Treasury Laws Amendment (Electric Car Discount) Act 2022 offers an FBT exemption for eligible EVs, aiming to boost their uptake in Australia. To qualify for the exemption, EVs must meet specific criteria outlined by FBT legislation.

Recent Developments: The ATO's release of the Practical Compliance Guideline 2024/2 provides a simplified method for valuing the cost of electricity when an EV is charged at an employee's home. This guideline streamlines the process for employers, offering a cents-per-kilometre method for calculating electricity costs.

Other Considerations with Electric Vehicles: Employers should be aware of the tax implications related to in-home charging equipment and replacement batteries for EVs provided to employees.

Non-Cars: Vehicles that do not qualify as cars for FBT purposes ("non-cars") require careful consideration regarding private usage. Employers must accurately assess and substantiate the private usage of non-cars within their fleet to determine FBT exemptions.

As a reminder, non-cars are only exempt from FBT where their usage is limited to:

- Travel between home and work;
- Travel that is incidental to travel in the course of employment duties; and
- Non-work-related use that is minor, infrequent and irregular.

Logbooks: Maintaining valid logbooks is crucial for accurately valuing car fringe benefits. Employers should ensure employees keep detailed records of business-related travel to support FBT calculations.

- Each logbook must be kept for a continuous 12-week period (which is representative of the travel patterns of the vehicle for the period in which the logbook will be relied upon).
- A new logbook is required to be prepared every 5 years.
- At a minimum, the logbook must include the following details for each business trip - the date the trip began and ended; the odometer reading at the start and end of the trip; the number of kilometres travelled; and a sufficient description of the purpose of the journey.

Hire Cars: Employers must track the duration of hire car arrangements provided to employees for

private use. The length of time a hire car is provided impacts the type of fringe benefit incurred and the corresponding valuation methods.

As the FBT year-end approaches, businesses should review their vehicle-related fringe benefits to ensure compliance with FBT regulations. Seeking guidance from tax professionals can help navigate the complexities of FBT and optimise tax outcomes for your business. By staying informed and proactive, businesses can effectively manage their FBT obligations and minimise tax liabilities in the Kimberley region.