
FBT: ALTERNATIVES TO EMPLOYEE DECLARATIONS



Employers that provide certain fringe benefits to their employees can now use appropriate alternative statutory evidentiary documents to satisfy FBT requirements with registration of legislative instruments specifying acceptable record-keeping obligations for certain FBT benefits. These instruments along with complementary legislation passed in 2023 seek to reduce the FBT compliance costs for employers.

Under the FBT law, employees are required to provide information to employers about fringe benefits received, and employers are required to prepare declarations in a form approved by the Commissioner. As a part of record keeping obligations, information and declarations are required to be kept for 5 years and the ATO may request these records for compliance purposes at any time.

On the ATO website, there are some 20 different approved employee declarations for various fringe benefits including expense payment fringe benefits, LAFHA, property fringe benefits, residual benefits, loan benefits, car and fuel, holiday transport, temporary accommodation, and relocation. In addition to approved employee declarations, there are also two employer declarations and a travel diary requirement currently used as statutory evidentiary documents for FBT purposes.

This current requirement for certain records to be in ATO approved form to comply with FBT record keeping obligations means that some employers and employers may be forced to create additional records despite the required information already being captured through other processes such as corporate records. From 1 April 2014, employers will have the option to rely on existing or other alternative records as determined by the Commissioner by way of legislative instrument for some types of fringe benefits. However, these instruments do not generally change or reduce the information employers need to hold or support their FBT return, and only alters the prescriptive format and processes for obtaining and holding that information.

While the option to use alternative records will generally reduce the FBT record keeping burden for employers, the Commissioner will not necessarily specify alternative record keeping options for all available fringe benefits or situations. Where records are extensively defined within legislation such as log-books or odometer records, employers will generally need to continue to meet their record obligations under current arrangements.

Legislative instruments on acceptable alternatives to statutory evidentiary document that have been registered relate to the following FBT benefits:

- living-away-from-home (LAFHA) – maintaining an Australian home;
- temporary accommodating relating to relocation;
- fly-in fly-out and drive-in drive-out employees;
- private use of vehicles other than cars;
- car travel to certain work-related activities;
- car travel to employment interview or selection test;
- travel diaries;
- relocation transport;
- overseas employment holiday transport; and
- otherwise deductible benefits.

The legislative instruments apply from 1 April 2024 (ie apply for the FBT year ending 31 March 2025). They outline the specific information required for an alternative record to be acceptable in each FBT category.

For instance, the record will need to be in English and will need to contain names of employees/associates, make and model of car, address of departure/arrival location, dates of travel and number of whole kilometres travelled, to name a few. Each legislative instrument outlines the years of tax, the classes of persons and the classes of statutory evidentiary documents or records an employer may use to satisfy their alternative record keeping obligations.

In circumstances where the Commissioner is not “reasonably” satisfied that adequate alternative records are available for certain fringe benefits, employers will be expected to continue using existing approved forms to ensure that statutory evidentiary documents that meet record-keeping obligations are retained.

CONTACT

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