

# Fringe Benefit Tax (FBT) Procedures

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## Associated Policy

These procedures have been developed in conjunction with the Fringe Benefits Tax (FBT) Policy.

## Procedures

1. Employees who receive benefits that are subject to FBT are responsible for maintaining and providing any FBT information requested by CIT, Shared Services and Salary Packaging providers. Responsibilities include retaining receipts and completing forms to meet substantiation and declaration requirements.
2. Finance is to provide data to Shared Services to calculate FBT for lodgement to the ATO by 21 May each year. Shared Services undertakes the FBT calculations and prepares the FBT documentation supporting the annual FBT submission.
3. Information to complete and lodge the final ATO return is to be obtained from the Oracle finance system, CIT's Salary Packaging providers and from Colleges and Divisions.
4. Finance is to ensure that FBT information is captured accurately in Oracle to enable the identification of an FBT transaction. This is particularly important for car and entertainment fringe benefits.
5. For all hospitality expenditure and FBT entertainment expenditure, the correct entertainment expenditure form must be completed to enable the correct determination of FBT.
6. As applicable, FBT is to be paid by CIT to the ATO in quarterly instalments. The instalments are to be based on the previous year's liability.
7. FBT instalments are to be disclosed on CIT's Business Activity Statements (BAS). The value of a fringe benefit shall include Goods and Services Tax (GST) where GST is applicable.
8. When calculating the FBT liability, the taxable value of benefits provided are to be grossed up to reflect the gross salary employees would have to earn at the highest marginal tax rate (including the Medicare levy) to buy the benefits after paying tax. The FBT liability covering the FBT period is to be grossed up using the Type 1 or Type 2 rate (see below) and calculated using the relevant rate of tax (47%).
9. The difference between CIT's final liability and the quarterly instalments paid is to be remitted to, or refunded from the ATO.
10. The Type 1 Gross-up rate is 2.0802. This rate is used where CIT is entitled to a GST credit in respect of the provision of a benefit.
11. The Type 2 Gross-up rate is 1.8868. This rate is used where CIT is not entitled to a GST credit in respect of the provision of a benefit. The Type 2 Gross-up rate applies to RFBA as will appear on individual staff Payment Summaries as applicable.

12. Procedures for Salary Packaging Arrangements are provided by the Salary Packaging Provider and must also be followed. For further information, refer to the [ACT Government Salary Packaging Manual](#).
13. Additional information is available in the [Hospitality, Meetings, CIT Ceremonies and Gifts Policy](#).