

Fringe Benefits Health Check

Nexia Australia provides full service accounting solutions for the \$27 billion independent school industry. Despite being affected by the COVID-19 pandemic, the industry is forecast to grow over the next 5 years as the domestic economy recovers and the pool of potential private school students becomes larger.

Nexia prides itself on its deep understanding of the independent school sector. We provide audit, tax and advisory services to over 150 independent schools around Australia including a large number of top tier schools in Sydney and regional NSW. The independent school sector is core to our client portfolio. We have drawn on this experience to conduct many special projects to assist schools in achieving excellent financial health as well as optimising their financial and governance performance.

Fringe Benefits Tax ('FBT')

A fringe benefit is a 'payment' to an employee, but in a different form to salary or wages. It can include giving something or paying for something on behalf of an employee. FBT is the responsibility and obligation of the employer with the liability to pay FBT being imposed on the employer rather than the employee.

Where taxable fringe benefits are provided to employees, there are some distinct steps involved in calculating an employer's FBT liability. Our FBT Health Check ensures that you have calculated and assessed your FBT liability correctly.

An employer must lodge an FBT return if it has a tax liability during an FBT year (1 April to 31 March). Lodging a FBT return will generally set the period of amendment in which the Australian Tax Office (ATO) can amend and likewise the school.

The ATO has the ability to go back as far as six years to amend previously lodged FBT returns. Therefore it is critical that your school has prepared and assessed its FBT liability correctly.

Further there is a limited time period in which an employer has to claim back any overpaid FBT.

Therefore time is of the essence to ensure that any FBT liability has been calculated accurately.

In addition, there is a general requirement that an employer must retain records that are adequate to enable its FBT liability to be assessed. The value of the fringe benefits provided to each of your employees must be recorded. Depending on your type of organisation, certain benefits provided to employees may receive concessional FBT treatment.

Typical benefits provided by schools include:

- Car benefits, including exempt vehicles
- Expense payments
- Discounted school fees
- Board meals
- Housing fringe benefits, including remote housing
- Travelling and living away from home benefits
- Tax-exempt body entertainment



How can Nexia assist you?

FBT Health Check

Based on our extensive experience in the school sector, Nexia has developed an in-depth FBT Health Check to assist you to determine compliance with your FBT obligations. In addition we can provide recommendations to ensure that benefits are provided in a tax efficient manner.

The scope of our FBT Health Check includes:

[Review of prior period lodged FBT return\(s\).](#)

We will initially review the current year FBT return and subject to our findings may expand that review to multiple prior years if required.

[Review your FBT workings in respect of the specific benefits provided to ensure they have been calculated correctly in accordance with FBT rules.](#)

Our review includes checking your detailed calculations to ensure the taxable value of benefits has been calculated in accordance with the FBT rules. Further, given our extensive experience in the school sector we have the ability to benchmark the benefits you have provided against other schools.

[Ensure you have correctly calculated the FBT rebate on packaged benefits.](#)

With independent schools being rebatable employers,

employees are entitled to a FBT Cap of \$30,000. Our review considers the FBT rebate to ensure you have calculated the cap correctly and maximised its use.

[Guidance on documentation and employee declaration requirements.](#)

Strict requirements are imposed on employers to retain sufficient records to enable the FBT liability to be assessed. Further employees must prepare certain declarations depending on the benefits provided. We will provide general guidance in relation to these documentation requirements.

[Preparation of a detailed report setting out our findings and recommendations.](#)

The FBT Health Check is finalised with the provision of a detailed report to the school outlining our key findings and recommendations. We step you through each aspect of the report as part of the review process.

Learn how we can help you.

If your school is interested in a FBT Health Check please contact Sean Urquhart or Chantale Chan.



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Sean is a Chartered Tax Advisor with 30 years of experience. His focus is on the provision of Taxation and Business Advisory Services to various entities including clients in the independent school sector. His specialist experience within this sector extends to FBT, salary packaging Goods and Services Tax and advising DGRs and Parent Associations.



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Chantale has 9 years of experience in Taxation Consulting, specialising in tax compliance and consulting services for a range of entities including independent schools. Chantale specialises in providing fringe benefits tax (FBT) and salary packaging advice and compliance services for charities, not-for-profit bodies, and Government bodies.