Inland Revenue
Te Tari Taake

IR 409
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Fringe benefit tax guide

A guide to working with FBT

Introduction

We've written this booklet to help employers with their fringe benefit tax (FBT) requirements.

If, after reading this guide, you've any questions, or need help with your FBT, call us on 0800 377 772.

Introducing "Audis on Anglesey"

Throughout this guide we'll be following one company, giving examples of options for working out FBT. We'll also show a completed FBT return and schedules for the quarter ending 31 March 2010.

Audis on Anglesey Ltd has been operating for fifteen years and has two shareholders, Allan and Karyn. The principle activity of the company is selling and servicing new and used Audi cars.

There are 15 employees. Here's a list of some of the employees' responsibilities within the company:

- Michael and Zac are the two new motor vehicle salespersons.
- Bailey is the used motor vehicle salesperson at a subsidiary yard owned by the company.
- Nicole is the administrative manager responsible for all tasks in the office.
- George is the service manager and is responsible for James and Flynn (mechanics), and Sarah (car groomer).

Changes to note

This publication has been updated following legislative changes introduced for return periods beginning on or after 1 April 2009.

The FBT and the taxable value calculation sheets have been redesigned to incorporate the legislative changes.

Additional examples have been included in this guide to illustrate the changes, along with explanations to assist you.

The FBT rates are changing

The alternate rate* fringe benefit rates for the year ending 31 March 2009 were

$0 - $ 8,194	0.1594
$8,195 - $11,940	0.2012
$11,941 - $30,900	0.2658
$30,901 - $32,360	0.3699
$32,361 - $45,760	0.4925
$45,761 - $52,160	0.5625
Over $52,161	0.6393

The alternate rate fringe benefit rates from 1 April 2009 are:

$0 - $12,250	0.1429
$12,251 - $39,110	0.2658
$39,111 - $53,850	0.4925
$53, 851 and above	0.6129

The information in this booklet is based on the tax laws at the time of printing.

* Formerly multi-rate

www.ird.govt.nz

Visit our website for services and information. Go to:

- **Get it done online** to file your returns, change your FBT election and register for services to access account information
- **Work it out** for the alternate-rate calculation sheets and to calculate your FBT
- **Forms and guides**

You can also check out our newsletters and bulletins, and have your say on items for public consultation.

How to get our forms and guides

You can view copies of all our forms and guides mentioned in this booklet by going to **www.ird.govt.nz** and selecting "Forms and guides". You can also order many of our forms and guides by calling INFOexpress—see page 51. Check our website for availability.

Tax terms updated

In the Income Tax Act 2007, a number of tax terms have been updated to more clearly reflect their meaning. Their intent hasn't changed. These terms are being introduced to all Inland Revenue's publications as we update them. During the transition you can still rely on the information you get in our booklets, guides and forms, on our website and from our people, even where old terms and references are used.

When we use any updated terms in this guide we'll also include a reference to its former name.

How to use this guide

Part 1 – Fringe benefits overview

Explains what fringe benefits are and who is liable to pay FBT.

Part 2 – Returning FBT

Explains when and how to return FBT and tells you what to do when you stop employing.

Part 3 – Motor vehicles

Deals with FBT and motor vehicles. It explains which vehicles are liable for FBT and the exemptions.

Part 4 – Free, subsidised or discounted goods and services

Shows you how to deal with these fringe benefits. It also explains how entertainment expenses fit in with the FBT rules.

Part 5 – Low-interest loans

FBT is charged on low-interest loans made to employees. We show you how to complete the return for these loans.

Part 6 – Employer contributions to funds, insurance and superannuation schemes

If you make contributions to your employees' funds, such as superannuation schemes and specified insurance policies, this part shows you how to complete the return for these fringe benefits.

Part 7 – Completing FBT returns

Gives a step-by-step guide to completing FBT returns. It also explains your filing requirements.

Part 8 – GST and income tax

Explains how fringe benefits affect other taxes.

Part 9 – Services you may need

Lists Inland Revenue services, contacts and useful publications.

Contents

* Formerly multi-rate

Part 1 – Fringe benefits overview

Registering for FBT

If you're an employer or a business who is providing fringe benefits and you're not already registered for FBT, you'll need to let us know. You can do this by calling us on 0800 377 772.

Once you've registered for FBT, we'll send you returns regularly. These returns will be preprinted with:

- your name, address and IRD number
- the period the return covers
- the date the return and any payment are due.

Fringe benefits

Most benefits given to employees other than their salary or wages are fringe benefits.

There are four main groups of taxable fringe benefits:

- motor vehicles available for private use
- free, subsidised or discounted goods and services
- low-interest loans
- employer contributions to sick, accident or death benefit funds, superannuation schemes, and specified insurance policies.

If these benefits are enjoyed or received by employees as a result of their employment the benefits are liable for FBT. Employers pay tax on benefits provided to employees or shareholder-employees. You'll have to file an FBT return either quarterly or annually, depending on the election made, and make any payments due.

Rate of FBT

Tax year	FBT flat rate options	FBT top alternate* rate
2009 tax year and prior	49% and 64%	63.93%
2010 tax year onwards	49% and 61%	61.29%

The rates used throughout this booklet are for the 2010 year and onwards. Refer to the above table if you are calculating FBT for a different year.

FBT is charged on the total taxable value of benefits provided. You've two options.

1. Pay FBT at 61% of the taxable value of the benefits provided, in all quarters.
2. For quarters 1 to 3, pay FBT at either 49% or 61% of the taxable value of the benefits. In the fourth quarter, do the alternate-rate calculations as described in Part 7.

Note

Annual and income year filers have the option to pay at either the 61% rate or do the alternate-rate calculations.

Cash benefits

Cash benefits are treated as normal salary and wages, taxable in the employee's hands, and aren't subject to FBT. Usually, you must deduct some form of tax (eg, PAYE) from any cash benefits. Any personal expenditure incurred by an employee but paid for by the employer is also a cash benefit. If an employee pays for an employer's expenditure and is reimbursed for the equivalent amount, there's no FBT liability.

Benefits provided instead of a cash allowance

Employers can pay cash allowances to employees for work-related costs. FBT isn't payable on any non-cash benefits provided by an employer in place of that allowance.

Example

Audis on Anglesey Ltd provides James and Flynn with tools for use at work rather than an equivalent cash allowance for the tools. If James and Flynn had purchased the tools, any cash reimbursement from Audis on Anglesey Ltd would not be taxable. So, the value of the tools isn't subject to income tax or FBT.

If you're unsure whether an equivalent cash allowance is tax-free, call us on 0800 377 772.

FBT terms you'll need to know

A fringe benefit is a non-cash benefit provided to an employee or an associate of an employee. Most benefits given to employees other than their salary or wages are fringe benefits.

Associated person

For FBT purposes an associated person is someone associated with the employer or the employee by:

- blood
- marriage
- civil union
- business partnership, or
- shareholding interest.

If you think this may affect you, but aren't sure, call us on 0800 377 772.

Note

Fringe benefits provided to an associate of an employee are to be taxed as though they were given to the employee, rather than the associate.

Attributed fringe benefits

See page 37 for more information on attributed benefits.

Attributed income

The definition of cash remuneration for FBT purposes includes any amount of income attributed under the attribution rule. The attribution rule applies where a person providing services puts an entity (trust or company) between themselves and the person who receives those services (the recipient). The person providing the services and the trust or company must be associated persons. The company or trust receives the payment for the services performed by the service provider.

The attribution rule ensures that the net income (income after expenses) of the entity is treated as the gross income of the service provider. The rule applies only in limited circumstances. For FBT purposes, when applying the alternate-rate calculations to attributed benefits received from this entity, the cash remuneration includes the amount of any attributed income.

The following options are available for benefits provided under the attributed income rule.

- If you elect the option of a flat rate of 61%, you pay 61% on all benefits provided during the year, including those provided to employees who have received attributed income under the attribution rule.

- If you elect the alternate-rate option when determining the rate to apply to an employee who has received attributed income under the attribution rule, there are three possible scenarios:

  – If all the remuneration details relating to that employee are known, you must use the alternate-rate calculations explained on page 42.

  – If some of the remuneration details aren't available at the time you complete the return you can use the rate of 49% to calculate the FBT payable on the attributed benefits provided to that employee. When you complete your next year's fourth quarter or annual FBT return, align the FBT payable with the actual remuneration received by the employee, using the alternate-rate calculations.

  – If some of the remuneration details aren't available at the time you complete your return, you can use the rate of 61.29% to calculate FBT payable on the attributed benefits provided. No further calculations are required the next year when using this option.

The rule for attributed income doesn't apply to income year filers (shareholder-employees) as the due date for this return is aligned with the end-of-year tax date of the employer, so all necessary income information would be known by this date.

Cash remuneration

For FBT purposes, cash remuneration is:

- salary or wages
- lump sum bonuses
- schedular payments*
- income attributed under the attribution rules
- payments to a specified office holder.

These include amounts from a related employer such as a division or branch. Some special conditions apply if you're a major shareholder (see page 8).

* Formerly withholding payments

Non-major shareholder-employee

Cash remuneration covers the items in the list on the previous page but doesn't include cash allowances for work-related costs which, if paid by the employee would have been reimbursed by the employer, for example, tax-free allowances.

Major shareholders

Cash remuneration applies to all the items applying to non-major shareholders, plus interest and dividends received from the employer.

Employers and employees

For FBT purposes, the definition of employers and employees are wider than usual.

Employers

An employer is anyone who pays, has paid or will pay salaries, wages, lump sums or schedular payments. For FBT the definition also includes some people who are connected with employers:

- all partners in a partnership that has employees
- the manager or principal officer of an unincorporated group
- trustees in an estate or trust
- anyone who has control of property, such as the Official Assignee, a company liquidator or the trustee of a deceased estate.

Employees

Anyone who receives salary, wages, lump sums or any other payment for work is an employee. For FBT, the definition also includes:

- most shareholder-employees
- associated persons (such as an employee's husband, wife or child)
- past earners
- future earners
- people who receive schedular payments
- people who receive director's fees.

This means that you may have to pay FBT for any benefits provided to these groups.

The following people aren't employees for FBT purposes:

- shareholders who are only formally occupying a role as non-executive directors or company secretaries
- partners who receive a salary from their partnership.

Note

Non-resident employee
If remuneration is paid to a non-resident employee, the calculation of the amount of tax payable on the remuneration includes any tax credits as if the employee was a resident for FBT purposes.

Fringe benefit–inclusive cash remuneration

This is the cash remuneration, less the tax calculated on it, plus the taxable value of all fringe benefits attributed to an employee in the year.

Fringe benefit tax rate options

Tax year	FBT flat rate options	FBT top alternate* rate
2009 tax year and prior	49% and 64%	63.93%
2010 tax year and forward	49% and 61%	61.29%

Quarterly FBT return filers

All employers who file quarterly FBT returns have two options when paying FBT in quarters 1 to 3:

- 61%, or
- 49%.

If you elected and paid FBT at 49% in any of the first three quarters, you must complete the alternate-rate calculation process in the fourth (final) quarter.

If you elected and paid FBT at 61% in quarters 1 to 3, you've the option of using either 61% or the alternate-rate calculation process in the fourth quarter.

Annual and income year filers

Employers who file annual or income year FBT returns have the option to pay FBT using either:

- the flat rate of 61%, or
- the alternate-rate calculation process.

* Formerly multi rate

Alternate-rate calculation process

Two options are available when calculating FBT using this process.

Full alternate-rate

- If you use this option you'll need separate calculations for each employee who receives attributed benefits. Non-attributed benefits are pooled and taxed at 49% (or 61% in the case of benefits provided to major shareholder-employees).

Short form alternate-rate

- Under this option, a flat rate of 61.29% is applied to all attributed benefits. Non-attributed benefits are pooled and taxed at 49% (or 61% in the case of benefits provided to major shareholder-employees).

When deciding what rate to use you should consider your particular situation—see page 33.

Major shareholder

A major shareholder is a person who owns, has the power or control over, or has the right to acquire, 10% or more of the ordinary shares or voting rights of a close company. A close company has five or fewer natural[1] persons who hold 50% or more of the total voting or market value interest in the company.

If you think this may affect you and you want more information, call us on 0800 377 772.

Non-attributed fringe benefits

Certain benefits don't have to be attributed to the particular employees who receive them. These benefits are:

- Subsidised transport of a taxable value of less than $1,000 per employee per year. There's a special rule for this—see page 24.
- Employer contributions to superannuation, where ESCT (employer superannuation withholding tax)* doesn't apply, and insurance funds of less than $1,000 per employee per year.
- Benefits from loans on life insurance policies. A special rule applies—see page 31.
- Benefits that it isn't possible to attribute to particular employees (eg, pooled vehicles).
- Benefits provided to ex-employees.
- Contributions to a sick, accident or death fund less than $1,000 per employee per year.
- Any other benefit with a taxable value of less than $2,000 per employee per year.

* Formerly specified superannuation contribution withholding tax (SSCWT)

Note

If a benefit in a category is attributed to one employee, all benefits of that category must be attributed. See page 37 for more information on non-attributed benefits.

Pooled benefits (non-attributed benefits)

A pooled benefit is an attributed benefit which no one employee has principally used or enjoyed during the quarter or relevant period of the income year.

Shareholder-employees

A shareholder-employee is a shareholder and an employee of a company that has no more than 25 shareholders. Any benefit they receive as an employee is a fringe benefit and FBT is payable. If you employ shareholder-employees you may not have all the cash remuneration details for these employees to calculate the fringe benefit-inclusive cash remuneration. For example, the shareholder-employee's salary and wages, where PAYE hasn't been deducted, may not be available because this information is aligned with the income tax filing process.

The following options are available depending on whether you elect 61% or the alternate-rate calculations:

- If you elect the 61% flat rate option, you pay 61% on all benefits provided during the year, including those provided to shareholder-employees.
- If you elect the alternate-rate option when determining the rate to apply to a shareholder-employee, there are three possible scenarios:
  - If all the remuneration details relating to a shareholder-employee are known, you must use the alternate-rate calculations explained on page 42.
  - If some of the remuneration details aren't available at the time you complete the return you can use the 49% rate when calculating the FBT payable on the attributed benefits provided to that shareholder-employee. When you complete your next year's fourth quarter or annual FBT return you align the FBT payable from this year with the actual remuneration received by the shareholder-employee, using the alternate-rate calculations.
  - If some of the remuneration details aren't available at the time you complete the return, you can use a rate of 61.29% to calculate FBT payable on the attributed benefits provided. No further calculations are required in the next year when using this option.

Part 2 – Returning FBT

All employers and businesses who provide fringe benefits must file regular FBT returns. The return is to show the fringe benefits provided and to calculate the FBT payable.

If you don't, or don't intend to provide fringe benefits throughout the year, you can apply for nil status. You can do this by calling 0800 377 772 or completing the fringe benefit tax election online at **www.ird.govt.nz > get it done online**

The FBT return forms

There are three types of FBT returns: the quarterly (IR 420), income year (IR 421) and annual (IR 422).

Calculation sheets are sent with your returns to help you work out your fringe benefits.

We automatically send you a return before the due date for filing. However, if you don't receive your return, call us on 0800 377 772. It's still your responsibility to file a return by the due date.

IR 420 – Fringe benefit tax quarterly return

Employers are required to file FBT returns quarterly unless they meet the criteria outlined below and elect to file yearly returns.

The return periods and due dates for quarterly returns and payments are:

Quarters	Return period	Due date
Quarter 1	1 April to 30 Jun	20 Jul
Quarter 2	1 July to 30 Sep	20 Oct
Quarter 3	1 Oct to 31 Dec	20 Jan
Quarter 4	1 Jan to 31 Mar	31 May (Final quarter)

IR 421 – Fringe benefit tax income year return

This return is for companies that have shareholder-employees. It covers the same period as the company's accounting year. The due date for filing the return is the same as that for paying end-of-year income tax.

You can file an income year return if you are a close company and your annual gross PAYE and ESCT for the previous year are no more than $500,000 or you only provide motor vehicles for private use to shareholder-employees and that benefit is limited to 2 vehicles, or if you were not an employer in the previous year.

IR 422 – Fringe benefit tax annual return

This return is for employers who have elected to file annual returns for the year to 31 March. It's due on 31 May.

You can file an annual return if your annual gross PAYE and ESCT for the previous year are no more than $500,000 or you didn't employ any employees in the previous year.

To apply to file yearly returns, you can complete a fringe benefit tax election online at **www.ird.govt.nz > get it done online** or by calling 0800 377 772.

Due dates for elections

There are set dates by which you must make an election to file yearly returns. These depend on the type of return you want to file, and whether you're a current or new employer. It's important you make your election by the due date as we can't accept late elections. If your election is late, we'll notify you. You'll then have to continue filing quarterly returns until the following financial or income year.

Annual returns

If you're a current employer, you must make your election by 30 June in the year for which the election first applies. For example, if you want to file your first annual return for the year ended 31 March 2010, you must make an election by 30 June 2009.

New employers must elect by the last day of the first quarter after starting to employ. For example, if you start employing on 31 July 2009, you've to make an election by 30 September 2009 to be able to file a first annual return to 31 March 2010.

Income year returns

Existing companies with shareholder-employees can elect to file income year returns by the last day of the first FBT quarter in the income year for which the election applies. For example, a company with a 30 June balance date would have to elect by 30 September 2009 to file a return for the year ended 30 June 2010.

Companies that are new employers must elect by the last day of the first quarter which they started employing in, within the income year the election applies for. For example, a company with a 30 June balance date starts employing on 31 July 2009. The company must make an election by 30 September 2009 to file its first income year return to 30 June 2010.

Annual and income year returns

Existing companies that choose this option must make their election by the later of:

- the last day of the first quarter of the annual year, or
- the last day of the first quarter of the income year to which the election applies.

For example, a company with a 30 June balance date would have to elect by 30 September 2009 to file annual and income year returns for the periods ending 31 March 2010 and 30 June 2010 respectively.

Note

If you want to change your filing frequency you can either:

- complete the fringe benefit election at **www.ird.govt.nz > get it done online** or
- call us on 0800 377 772

Change in status

If your situation changes in any of the following ways, you need to let us know.

You start providing fringe benefits

If you've previously told us that you don't need to file FBT returns and you start providing (or you intend to provide) fringe benefits, please call us on 0800 377 772 so we can register you and send you the returns you need to complete.

You stop providing fringe benefits but continue to employ staff

If you file quarterly returns and provided fringe benefits in quarters 1, 2 or 3, you're required to continue filing quarterly returns up to, and including the fourth quarter. When you've completed your fourth quarter return you can:

- write "final return" next to the circles where you're asked to indicate if the return is for quarter 4 on the IR 420, or
- complete the "not liable" section on the fringe benefit tax election at **www.ird.govt.nz > get it done online**, or
- call us on 0800 377 772 and let us know that you no longer provide fringe benefits.

You stop employing staff and providing fringe benefits

You'll need to file a final FBT return to cover the period up to the date you stopped employing—see page 36.

You might stop employing but still provide benefits to past employees or shareholder-employees. In this case, you must file FBT returns until you stop providing benefits. The same rules apply if you cease business but still provide benefits—you must file FBT returns until you stop providing them.

For low-interest loans (see Part 5) you must file returns until the total loan is repaid.

If you stop providing fringe benefits, or don't intend providing fringe benefits, and you continue employing, you can apply for nil status. You must do this by completing the fringe benefit election at **www.ird.govt.nz > get it done online**

Part 3 – Motor vehicles

In this part we explain who has to pay FBT for use of a vehicle and when. We also show how to complete the FBT taxable value calculation sheet that comes with your FBT return, and tell you what records to keep for motor vehicles.

The most important point to remember about FBT and vehicles is that as long as a vehicle is available for private use by employees (including shareholder-employees) you'll have to pay FBT, whether or not the vehicle is actually used.

Sole traders or partners in a partnership who use the business vehicle privately, travelling between home and the place of business, for example, don't have to pay FBT for the use of that vehicle. These people need to account for the private use of the vehicle by making an adjustment in their income tax and GST returns.

They'd usually use a logbook to keep track of their business use of the vehicle.

If a vehicle belonging to...	is available to...	it may affect...
any business	an employee	FBT and GST
a sole trader	the sole trader	income tax and GST
a partnership	a partner	income tax and GST
a company	a shareholder-employee	FBT and GST

Exemptions

As a general rule, as long as you've a vehicle available for an employee to use privately, you'll have to pay FBT whether or not your employee actually uses the vehicle privately.

There are certain exemptions from FBT—general and daily.

General exemptions

Work-related vehicles

This exemption covers circumstances where the employees or shareholder-employees store the vehicles at home and the employer doesn't allow the vehicles to be available for general private use. For employees it must be a condition of employment that they store the vehicle at their home.

It's important to Note that not all business vehicles are work-related vehicles for FBT purposes. To qualify for the work-related vehicles exemption from FBT all four of the following requirements must be met.

1. The principal design of the vehicle can't be for carrying passengers. This means that no sedan can qualify for this general exemption unless the sedan is a taxi. Sedans stored off the premises are subject to FBT, but may qualify for daily exemptions—see page 13.

   Vehicles that can qualify include:
   - utes (including extra cabs and double cabs)
   - light pick-up trucks
   - vehicles with rear doors, that are permanently without rear seats such as vans, station-wagons, hatchbacks, panel vans and fourwheel drives. This also applies if the rear seats have been welded down or made unusable because of a permanent fixture, such as shelving, covering the entire rear seat area
   - taxis, including sedans and station-wagons (the rear seat requirement stated above doesn't apply to taxis)
   - minibuses, ie, vans with three or more rows of permanent (not collapsible) seats capable of carrying at least two adults each.

2. The employer's name (or owner's name if the vehicle is rented), logo, acronym or other business identification must be permanently and prominently displayed on the exterior of the vehicle. Magnetic or removable signs aren't enough and neither is signwriting on a removable part of a vehicle (such as a pick-up's removable canopy or a spare wheel cover).

3. The employer must notify employees in writing that the only private use the vehicle is available for is:
   - travel between home and work
   - travel incidental to business travel (for example, passing by the bank on the way home from work).

   We suggest you give employees a separate letter explaining this restriction rather than simply mentioning it as another clause in an employment contract.

Below is an example of a letter you could give your employees.

4. The employer must record checks carried out at least quarterly on each vehicle the exemption is claimed for, to ensure the restriction is being followed. These can take any form the employer chooses, for example, physical inspections on the storage of the vehicles or reviewing petrol purchases and logbooks. Involving your employees in the checks could serve as reminders of the restriction on private use.

Example

James, the chief mechanic, is given an Audi A4 station-wagon as a work-related vehicle. The A4 has permanent signs, the rear seats have been removed and cabinetry built to carry essential tools if he's called out. He's received a letter (see below) advising him the Audi isn't available for private use.

Partial exemption

If a work-related vehicle meets the four conditions listed and isn't available for private use most of the week but, you allow some private use on certain days, such as Saturdays, Sundays and statutory holidays, you can have a partial exemption. This means you'd pay FBT on those days in each quarter. This would be particularly useful for employees who are on call and need their vehicles with them for emergency callouts—see page 13.

1 January 2008

Audis on Anglesey Ltd
563 Goodyear Street
WELLINGTON

Vehicle private use restriction

Dear James

As you know you're required to store the Audi A4 station-wagon, registration number CFK917, at your home as part of your duties. However, this vehicle isn't available for private use during the week or the weekend, unless you:

- are travelling between home and work, or
- have any incidental travel while using the station-wagon on Audis on Anglesey Ltd business.

We have to ask you to do this for fringe benefit tax reasons. If the vehicle is available for you to use as you wish, we would have to pay fringe benefit tax. We are also required by law to check at least once a quarter that you're observing this restriction.

Thank you for your co-operation.

Allan

Vehicles stored on the employer's premises

Business premises
Any vehicle stored on the business premises isn't subject to FBT as the vehicle isn't available for private use.

Shareholder's home
If a vehicle is stored at a company shareholder's home which is also the company's premises, there must be absolutely no private use of the vehicle to qualify for this exemption.

If the shareholder's home is a secondary place of business, there must be a private use restriction to qualify for the exemption. The company would have to show the vehicle is unavailable for private use.

Vehicles over 3,500 kilograms
Vehicles with a gross laden weight of more than 3,500 kilograms aren't subject to FBT. This includes larger trucks and buses.

Daily exemptions

There are two exemptions from FBT available for motor vehicles otherwise available for private use. They are emergency calls and out-of-town travel.

Emergency calls

The whole of any day on which the vehicle is used to attend an emergency call is exempted. The visit must be made to attend to some essential plant or service or be in relation to the health or safety of a person. The visit must take place between 6 pm and 6 am except on Saturdays, Sundays or statutory holidays, when the visit may be at any time. If it's a case of personal health or safety there are no restrictions.

Out-of-town travel

For an employee required to travel, the travel inclusive of the day of departure and the day of return from a trip longer than twenty-four hours is exempted.

There's an exemption for private use if it's incidental to business travel. If there was a significant content of private travel, a fringe benefit would exist.

Records

You must keep adequate records to support the exemptions claimed.

Example

Allan has an Audi A6 which is available for unlimited private use. Each quarter, Allan flies to Auckland for three-day franchise meetings. Because Allan is away for over 24 hours and the vehicle isn't available to anyone else, there will be an exemption from FBT for three days each quarter.

Allan needs to document his travel. He could do this by writing his travel as diary notes, or by keeping his air travel, hotel and food receipts.

Other days not liable

From time to time vehicles will be unavailable to the employee, eg, if the vehicle has broken down or is being repaired. The vehicle must be unavailable to the employee or any of their associates for at least one complete 24-hour period before you can claim an exemption. This includes leaving the vehicle at an airport carpark if the flight is business-related. These days will qualify for an exemption as long as there's a valid reason recorded for the vehicle's unavailability.

Election of the commencement of 24-hour period

Employers can now elect the start time for an FBT day to reflect their business needs.

This removes the anomaly where two days' FBT could be incurred when a vehicle was taken home overnight.

Employers who elect a start time other than midnight will need to apply it to all vehicles owned or leased, and the election will normally last two years.

To make an election, write the start time elected on your next FBT return. The election will become effective from the start of the quarter, income year, or tax year which we receive notification in.

This provision will particularly benefit employers who occasionally allow employees to take vehicles home overnight.

Employers may apply to amend the start time of the 24-hour period if their circumstances have changed in a way that:

- is more than minor, and
- the starting time is no longer relevant to the business of the employer.

To amend the start time, write the new elected start time on your next FBT return.

Three-month test period

If you're claiming any of the daily exemptions we've explained here, you've to keep a record of the number of exempt days.

Using a three-month test period means that instead of recording every daily exemption a vehicle qualifies for over its whole life, you can keep these full records for just three months.

You can then use the result of the test to calculate your FBT for that vehicle for a three-year application period, after which you'll have to run another test period. The records you must keep are outlined on page 20.

Remember, you'll have to pay FBT as long as the vehicle is available for private use, whether or not it's actually used.

The table below shows when you must run your test period, and when the three-year application starts.

Filer...	test covers...	three-year period starts...
quarterly	one full quarter	first day of that quarter
annual	one full quarter in the year	1 April
income year	any three consecutive months in the year	first day of the income year the test is in

Example

Flynn can use an Audis on Anglesey Ltd's vehicle for private use on Saturdays, Sundays and statutory holidays. The vehicle qualifies for the work-related exemption on other days. Audis on Anglesey has decided to run a test period in the September quarter. In that quarter Flynn has six callouts and had to spend a weekend out of town for a conference (leaving on Friday and returning on Monday). These are Audis on Anglesey's records.

Number of days in the quarter	92
Number of liable days (Saturdays, Sundays etc)	26
Number of callouts on liable days	6
Number of callouts on weeknights	3
Out-of-town travel	2

The number of days the vehicle was available for private use (subject to FBT) in this test period is 18 (26 – 6 – 2). In this case, 18 days can be used in each quarter in the three-year application period. As the vehicle qualifies for the exemption for work-related vehicles on weekdays, the three weeknight callouts are disregarded as those days were already exempt.

Only two days are counted as out-of-town travel days as the Friday and Monday involved are already covered by the work-related vehicle exemption.

The test period must be representative of the three-year application period. If the actual number of exempt days in any quarter, year or income year is 20% higher than the test period result, the application period will end on the last day of that quarter, year or income year. If we consider the test period result isn't representative of the exempt days, we may reject it. You'll then have to run another test period.

Exemption days

The number of days in each quarter varies when deducting exempt days from the total of liable days. You must deduct the number of exempt days from the actual number of days in the quarter.

The actual number of days in each quarter are:

June quarter (Apr, May, Jun)	91
September quarter (Jul, Aug, Sep)	92
December quarter (Oct, Nov, Dec)	92
March quarter (Jan, Feb, Mar)	90

There are 91 days in the March quarter in leap years.

Example

Audis on Anglesey had three emergency callouts in the June quarter. There are 91 days in the June quarter, so 88 days are liable.

Motor vehicle valuation methods

Employers have two options for valuing motor vehicles.

For vehicles owned or leased prior to 1 April 2006, FBT must be calculated on the cost price of the vehicle unless you've owned or leased the vehicle for five years. If you've owned or leased the vehicle for five years or more you can choose to use either the cost price or the tax book value.

For vehicles brought or leased on or after 1 April 2006, FBT can be calculated on either the cost price or the tax book value.

Actual cost price

The actual cost price should include GST and any initial costs of getting the vehicle on the road, as well as any extras fitted, such as a CD player, a sun-roof or tow-bar. This doesn't include items such as registration.

Any trade-in value shouldn't be subtracted from the cost price.

Tax book value

The motor vehicle's tax book value is:

- the original cost price less the total accumulated depreciation of the vehicle, or
- the cost of the vehicle if acquired after the beginning of the tax year.

The FBT rate of 36% (or 9% if FBT is paid quarterly) costs an employer more in the initial years when compared to the FBT payable under the cost price option. However, it will benefit employers who intend to retain their motor vehicles for longer than five years.

There's a minimum value of $8,333 applies to this option. The minimum value reflects a saving of $3,000 a year to the employee if they have unlimited use of the employer-provided motor vehicle.

If an employer chooses this option it must be applied to that vehicle (owned or leased) and must continue until:

- the disposal of the vehicle, or
- the vehicle ceases to be leased
- a period of five years has elapsed.

Motor vehicle cost or value

When calculating the taxable value for motor vehicles, you'll need to use either the actual cost price, or the tax book value.

From 1 April 2006 the FBT value of the benefit when using cost price reduced from 24% to 20% (or from 6% to 5% if FBT is paid quarterly).

Employer-owned vehicles

Employers who buy motor vehicles choose which option (cost or tax book value) benefits them most.

Leased vehicles

For leases entered into for periods beginning on or after 1 April 2006, employers who lease a vehicle from any person, whether associated or not, can calculate FBT on either the cost price or tax book value.

If you're unsure of the cost price or tax book value you'll need to ask the lessor, who is required to disclose the relevant values to you.

If you lease a vehicle that has previously been leased to another person, the vehicle cost price is the market value if:

- the vehicle you're leasing wasn't previously leased by an associated person, and
- you're not associated with the lessor or owner of the vehicle, and
- your employee isn't the lessor or the owner of the vehicle, and
- your employee isn't associated with the lessor or owner of the vehicle.

From 1 April 2006 vehicles leased under a "nine to five" or "flip-flop" arrangement, are treated the same as any other leased vehicle.

Note

The same rules apply for leased and rented vehicles.

The definition of private use of a motor vehicle has been extended to include when the person who makes the vehicle available to the employee:

- owns the vehicle
- leases or rents the vehicle
- has the right to use the vehicle under an agreement or arrangement with the employee, or a person associated with the employee.

Vehicle acquired at no cost

If you received a vehicle at no cost, for less than market value or at a cost that can't be determined from an associated person, the FBT value of the vehicle is the higher of:

- the original purchase price the associated person paid, or
- the current market value.

Market value is the retail price at which the vehicle would have been purchased by that person from a licensed motor vehicle dealer. You must have records to support the market value used in your FBT returns.

Summary of valuation methods

If the vehicle is:	use this cost or value:
owned by the employer	– actual cost price including GST – tax book value including GST from financial accounts
rented or leased from another party	– actual cost price including GST to the lessor – tax book value including GST of the vehicle to the lessor

Determining the value of pooled motor vehicles

If there's a pool of vehicles available for an employee to use, work out the value of each vehicle from the table below.

If the:	use this value:
employee uses mainly one vehicle	value of that vehicle
employee doesn't use one particular vehicle	highest value of all the vehicles in the pool
employer's business is selling cars and the vehicles in the pool are trading stock	average value of all the vehicles in the pool

Example

Cost price option

Audis on Anglesey Ltd has a pool of four vehicles (trading stock), valued at $17,800, $18,900, $25,600 and $32,500.

The average value of all the vehicles in the pool has been used because Audis on Anglesey Ltd is in the business of selling cars and the vehicles in the pool are trading stock.

The vehicles were all available for use by employees. No employee uses any particular vehicle, so the value for all the vehicles is the average value of all the vehicles in the pool ($23,700).

The number of days the vehicles are available for private use is 90 days in the March quarter. The taxable value is:

$$\text{number of cars} \times \text{average value of cost price} \times \frac{\text{number of available days}}{\text{number of days in quarter}} \times 5\%$$

$$4 \times \$23{,}700 \times \frac{90}{90} \times 5\% = \$4{,}740$$

Note

If there are exempt days for any of the vehicles, complete an individual calculation for each one to work out the taxable value for the pooled vehicles.

Example

Tax book option

Audis on Anglesey Ltd own the vehicles (no longer trading stock) and no employees use a particular vehicle. They calculate FBT using the tax book option based on the tax book values of $9,000, $13,000, $18,000 and $26,000:

$$\text{number of cars} \times \text{highest book value of all vehicles in the pool} \times \frac{\text{number of available days}}{\text{number of days in quarter}} \times 9\%$$

$$4 \times 26{,}000 \times \frac{90}{90} \times 9\% = \$9{,}360$$

Calculating the taxable value of private use of a motor vehicle

Where FBT returns are filed quarterly the value of a fringe benefit (the private use or enjoyment of a motor vehicle, or the availability for that use is:

$$\frac{Y \times Z}{90}$$

Where:

Y is the lesser of:

(i) the number of days the vehicle is available for private use*, or

(ii) 90.

Z is either:

(i) 5% of the GST-inclusive cost price of the motor vehicle for a motor vehicle owned or leased by the employer.

(ii) 9% of the GST-inclusive tax book value of the motor vehicle whether It's owned or leased.

*Calculation of Y

When calculating the number of days a vehicle is available for private use, you must deduct the number of exempt days from the actual number of days in the quarter.

March quarter

January (31 days) + February (28 days)
+ March (31 days) = 90 days
(91 days in a leap year)

June quarter

April (30 days) + May (31 days)
+ June (30 days) = 91 days

September quarter

July (31 days) + August (31 days)
+ September (30 days) = 92 days

December quarter

October (31 days) + November (30 days)
+ December (31 days) = 92 days

Example

The table below shows the variances in the taxable values used for calculating an employer's fringe benefit liability using either the cost price or the tax book value options.

	Cost price		Tax book value	
Employee	Cost price	x 5% = taxable value	Tax book value	x 9% = taxable value
Allan	$132,900	$6,645	$85,056	$7,655
Karyn	$ 84,900	$4,245	$54,336	$4,890
Michael	$ 89,900	$4,495	$57,536	$5,178
Zac	$ 74,900	$3,745	$47,936	$4,314
Nicole	$ 40,000	$2,000	$25,600	$2,304
Flynn	$ 32,000	$1,600	$20,480	$1,843
Total		**$22,730**		**$26,184**

Note

If you choose the tax book value option, regardless of the book value in the financial accounts being less than $8,333, the taxable value for calculating the fringe benefit will remain at $8,333.

Tax book value has been calculated using depreciation at 36% for a 12-month period.

Annual and income year returns

If you file annual or income year returns, calculate the value of the benefit for the year as follows:

$$\frac{Y \times Z}{365} = \text{taxable value}$$

Where:

Y is the lesser of:

(i) the number of days during the year the vehicle is available for private use, or

(ii) 365.

Z is either:

(i) 20% of the GST-inclusive cost price of the motor vehicle if owned or leased by the employer.

(ii) 36% of the GST-inclusive tax book value of the motor vehicle if it's owned or leased.

Example 1

Cost price

Audis on Anglesey Ltd completed it's annual returns and Allan has unlimited availability of the company's Audi A6 that cost \$132,900. During the year Allan had 75 exempt days when the vehicle was not available for private use.

There are 365 days in the year (except in a leap year):

365 days – 75 days = 290 (Y)
Cost of the vehicle \$132,900 x 20% = \$26,580 (Z)

The taxable value of the fringe benefit is:

$$\frac{290\ (Y) \times \$26{,}580\ (Z)}{365} = \$21{,}118$$

Example 2

Tax book value

Using the previous example where the tax book value of the Audi A6 is \$85,056 the calculation would be:

365 days – 75 days = 290 (Y)
Tax book value of the vehicle
\$85,056 x 36% = \$30,620 (Z)

The taxable value of the fringe benefit is:

$$\frac{290\ (Y) \times \$30{,}620\ (Z)}{365} = \$24{,}328$$

Employee contributions

If the employee makes any payment in return for having a fringe benefit, the payment is deducted when working out the taxable value of the benefit.

Employees paying for fuel

If the employee pays for some of the fuel, they must give the employer a receipt for each contribution. The receipt or tax invoice must meet the normal receipt requirements and include the vehicle's registration number. The employer can't claim the GST paid or the amount as an expense against income. The contributions should be deducted when working out the taxable value. If the employee pays for expenses and is reimbursed by the employer, the value of the fringe benefit remains unchanged.

Example

Michael has unlimited use of his Audi A4 and decides to visit his relatives in Taupo. His petrol costs \$170 and he pays for this personally.

The calculation for FBT on the cost price option would be:

$$\frac{\$89{,}900 \times 90 \times 5\%}{90} - \$170 = \$4{,}325$$

Direct payment to the employer

A direct payment to the employer by the employee must be recorded by the employer as income for both GST and income tax purposes. The contribution from the employee is deducted when working out the taxable value.

A shareholder-employee makes a contribution by a current account adjustment

This is acceptable if the appropriate journal entries are made and are effective on or before the last day of the FBT period (the last day of each quarter, or the last day of the annual or income year period).

The employee part-owns the vehicle

In this situation, 2.5% of the employee's contribution to the cost price can be deducted from the value of the benefit in each quarter. For income year returns, 10% of the employee's contribution is deducted. If the period covered by the return is less than a normal income year, calculate the amount as:

$$\frac{\text{Number of days covered by the return}}{\text{365 days}} \times 10\%$$

Note

Only the amount paid for the use of the vehicle itself can be deducted here, and only if there's an actual cost to the employee.

Any indirect costs, such as garaging or costs for which there has been no payment, such as the employee doing some servicing of the vehicle at home, can't be deducted.

You must choose either the cost price or the tax book value option for each vehicle owned, leased or rented.

FBT taxable value calculation sheet

Quarter four

Motor vehicles

1 Employee's name or "pooled"—if pooled vehicles	2 Make, model, year of manufacture and registration number		3 *Original cost price (whether owned or leased)	4 *Tax book value (owned or leased)	5 No. of days available for private use	6 *Value of benefit	7 Recipient's contributions	8 Taxable value (6 - 7)
Allan	2008 Audi A6	CDEF3	$ 132,900	$	87	$ 6,423.50	$	$ 6,423.50
Karyn	2008 Audi TT	KLMN5	$ 84,900	$	82	$ 3,867.66	$	$ 3,867.66
Michael	2008 Audi A4	GHIJ4	$ 89,900	$	90	$ 4,495.00	$ 170.00	$ 4,325.00
Zao	2008 Audi A4	OPQR6	$ 74,900	$	90	$ 3,745.00	$	$ 3,745.00
Nicole	2006 Audi A4	BLDE2	$ 40,000	$	90	$ 2,000.00	$	$ 2,000.00
Flynn	2005 Audi A4	ABCD1	$ 32,000	$	18	$ 320.00	$	$ 320.00
Pooled vehicles			$ 23,700	$	90	$ 4,740.00	$	$ 4,740.00
			$	$		$	$	$
			$	$		$	$	$
			$	$		$	$	$

Total taxable value Copy this amount to Box A below. **A** $ 25,421.16

* **Note**
For vehicles that are owned or leased prior to 1 April 2006, FBT must be calculated on the cost price of the vehicle unless, you've owned or leased the vehicle for five years or more.
For vehicles owned or leased on or after 1 April 2006 you can calculate FBT using either the vehicle's tax book value or it's cost price. You must continue to use your chosen option until either, the vehicle is sold, ceases to be leased or a period of five years has elapsed.

$$\text{Cost price (Box 3)} \times \frac{\text{Days (Box 5)}}{90} \times 5\%^{*}$$

$$^{\dagger}\text{Tax book value (Box 4)} \times \frac{\text{Days (Box 5)}}{90} \times 9\%^{**}$$

* 5.625% if vehicle cost excludes GST

**10.125% if vehicle book value excludes GST

† The minimum value of $8,333 must be used to calculate the taxable value once the vehicles tax book value has depreciated to less than this amount.

Total motor vehicle taxable value from Box A above	**A**	$ 25,421.16
Total goods and services taxable value from Box B on page 2	**B**	$
Total subsidised transport taxable value from Box C on page 3	**C**	$
Total low-interest loans taxable value from Box D on page 3	**D**	$
Total insurance and superannuation taxable value from Box E on page 4	**E**	$
Total taxable value Add the amounts in Boxes A to E, print your answer in Box F. Copy this amount to Box 3 on your return.	**F**	$

Complete the calculation sheet as follows:

It's a good idea to list your employees' names in the same order for all your calculation sheets.

Column 1

Write the name of the employee receiving the benefit of the car or Note that it's a pooled vehicle.

Column 2

Write details to identify each vehicle—the registration number, make and model and year of manufacture.

Column 3

Write the original cost price of the vehicle, whether owned or leased inclusive of GST.

Column 4

Tax book value of the vehicle whether owned or leased inclusive of GST.

Column 5

Write the number of days the vehicle was available for private use.

Column 6

Write the value of the fringe benefit using either the cost price or tax book value option.

Column 7

Write the total contributions made by the employee.

Column 8

Subtract column 7 from column 6 and enter the result.

Box A

Add up the amounts in column 8 and copy this amount to Box A. This is your total taxable value for motor vehicles.

Record keeping

Vehicle available for private use

If you provide a vehicle that's available for private use you need to keep sufficient records to:

- identify the specific motor vehicle
- support the market value or cost price
- have working papers showing how the liable days are calculated for each quarter, with supporting documentation for any exempt days (if there are no exempt days in a quarter you don't need to keep a record of days)
- maintain copies of any private use restriction (usually a letter or notice)
- include working papers showing how the total of any employees' contributions for each quarter was calculated, with supporting documentation.

Work-related vehicles

You'll need to keep these records for any work-related vehicle:

- a description of the vehicle to show that it qualifies for the exemption
- a copy of the private use restriction (letter or notice)
- records of the quarterly checks required to ensure the vehicle isn't used for unauthorised private use.

The types of records show the requirements that must be met for a vehicle to qualify for the work-related vehicle exemption—see pages 11 and 12.

Work-related vehicle partially available for private use

For work-related vehicles that are partially available for private use, a copy of the written restriction stating this must be held by the employer. Remember that the actual days the motor vehicle is available must be stated, ie, Saturdays, Sundays or statutory holidays. They can't, for example, be any two days per week, as this would mean the vehicle is available on any day, and full FBT would apply.

Daily exemptions

If you're claiming daily exemptions you must keep records to prove days claimed.

Part 4 – Free, subsidised or discounted goods and services

The three main types of fringe benefits in this category are goods, services and subsidised transport.

Use page 2 of the calculation sheet to calculate the taxable value of free, subsidised or discounted goods and services.

Benefits provided to shareholder-employees

A company providing any of the benefits discussed in this part to shareholder-employees may pay FBT on them or elect to treat them as dividends.

If you choose to make this election, you must let us know in writing on the FBT return this relates to. If you don't make an election the benefit will be treated as a fringe benefit.

GST and the value of the fringe benefit

You must use the GST-inclusive cost of free, subsidised or discounted goods and services.

Goods

Goods subject to FBT

If goods are provided for an employee at less than the cost to the employer, this is a fringe benefit. The cost to the employer is usually the price paid to purchase those goods.

However, if the employer manufactured, produced or processed the goods, the cost is the lowest price at which identical goods are sold by that employer to other customers (wholesale or retail).

Example

If a soft drink producer provides free soft drink for employees to take home, FBT would be charged. The employees can enjoy the drinks whenever they like, and the consumption isn't part of their normal employment duties.

Goods not subject to FBT

If the sale price of the goods to the employee is not less than the cost to the employer, FBT will not be charged.

If an item that usually retails for $300 or less and is on "special" to the public and sold at discount to an employee at the normal staff discount rate, it isn't considered a fringe benefit. This only applies if the price paid by the employee is more than:

- 95% of the cost price to the employer, or
- 95% of the selling price to the public, if a reasonable quantity of identical goods are available on special to the public,

whichever is the lesser amount.

There's another exemption for goods not on "special" that are sold to employees at less than cost price. This applies when:

- the goods are sold as part of the employer's normal business, and
- the normal retail price of the goods is $300 or less, and
- the discount is the usual staff discount, and the staff discount isn't more than 5% of the sale price to the public.

If these conditions are met, the goods aren't subject to FBT.

Private use and the availability for private use of employer-owned or leased business tools will be exempt from FBT where the tools are mainly provided for business purposes. The cost of each tool must not exceed $5,000.

Example

Nicole has been given a laptop costing $2,900 (GST-inclusive). She uses it mostly for work, but has also used it for completing assignments and researching on the internet.

As the laptop is mostly used for business, no fringe benefit liability arises for the personal use. If the value of the laptop had exceeded $5,000 the exemption wouldn't apply.

Benefits from undertaking hazard management initiatives such as protective clothing or health checks won't incur an FBT liability for any benefits that arise out of that management, irrespective of where the benefit is provided.

To qualify, the measures must be aimed at addressing hazard management in the workplace as outlined in the Health and Safety in Employment Act 1992. It doesn't extend to items such as gym subscriptions or employer-paid health insurance premiums.

Example

Flu injections were provided on site to all employees of Audis on Anglesey Ltd, but Nicole, James and George weren't available on the arranged day. Each went to their own doctor to receive the vaccination and the company paid the fees. As the company was complying with its health and safety obligations no fringe benefit was incurred on any of the vaccinations.

Discounted goods or the provision of services to employees by a third party under an arrangement with the employer, won't be liable for FBT if:

- the discount offered is no more than that offered to comparably-sized groups, and
- discount is undertaken on an arm's-length basis.

Services

Services subject to FBT

If services are provided to an employee at less than the normal cost to the public, this is a fringe benefit.

These include gifting schemes, such as long-service awards, incentive vouchers or gifts, club memberships, accompanying travel by the employee's spouse or family, and other such benefits.

FBT isn't payable where the employer pays for an employee's partner and/or family to visit the employee at their temporary workplace. To qualify for the exemption, the value of the travel must not exceed the amount that would have been provided as a tax-free allowance to the employee had the employee travelled home instead.

Example

Audis on Anglesey Ltd sends Zac to Auckland to receive additional training for three weeks. Zac travels home the first weekend at a cost of $610 for return flights but decides his wife could visit him the second weekend. Cost of fares for his wife is $580. In this case no FBT would be incurred. If travel costs for Zac's wife had been in excess of $610 the whole amount of Zac's wife's flights would be liable for FBT.

Taxable value of the services

The taxable value of the fringe benefit is the normal market price (including GST) of the service provided, less any employee contribution not reimbursed by the employer.

If someone else provides the service on behalf of the employer, the value of the benefit is the amount paid by the employer to that supplier. If the employer and the supplier are associated, the fringe benefit value is the value of those services to the general public.

Note

Entertainment tax may apply to those goods and services that are fringe benefits—see Part 8.

Exemptions for goods or services

Free (gifts and prizes), subsidised or discounted goods and services

If you provide free (gifts and prizes), subsidised or discounted goods and services, FBT isn't payable if you meet the requirements of the general employee exemption and maximum employer exemption.

General exemption

There's a $300 exemption per employee per quarter from paying FBT if you provide free (gifts and prizes), subsidised or discounted goods and services. However, if the value of the benefits for an employee goes over $300 for a quarter, the full value of the benefits is subject to FBT—the exemption isn't deducted first.

Example

Quarterly return

Employees	**Nicole**	**Bailey**
Prize – mystery weekend	$170	$200
Tyre balance	$ 25	
Audi jacket		$300
Total	$195	$500
Exemption available	$195	$ –

There's no exemption for Bailey as the total value of benefits is over the $300 maximum per quarter. The total exemption is $195.

Maximum exemption

The maximum exemption an employer can claim is $22,500 per annum. If the total value of benefits for all employees goes over $22,500 for the current quarter and the three preceding quarters, the employer must pay FBT on the total value of the goods and services benefits in the current quarter.

Annual and income year returns

Employers who file annual or income year returns have a yearly exemption of $1,200 for each employee, with the maximum employer exemption for all employees of $22,500 per year. If the period covered by the return is less or more than a normal income year, an adjustment is needed as follows:

$$\frac{\text{Days covered by return}}{365} \times \$1{,}200$$

Exemption threshold prior to 1 April 2006

Before 1 April 2009 the exemption thresholds were considerably lower. Quarterly return filers had a $200 per employee per quarter exemption and a maximum employer exemption of $15,000 per annum.

Annual and income year filers had a maximum employee exemption of $800 and a maximum employer exemption of $15,000.

Example

FBT liability from 1 July 2008 to 30 September 2009

In the quarter up to the new thresholds applying an employer has provided subsidised goods in excess of the maximum employer exemption and has therefore paid FBT for all those quarters. An employer has provided the following unclassified fringe benefits in the last three quarters:

- $5,000 in the September 2008 quarter
- $6,000 in the December 2008 quarter
- $3,000 in the March 2009 quarter, a total of $14,000.

In the June 2009 quarter the employer can provide up to $8,500 in unclassified benefits without FBT applying to that quarter's benefits, providing each employee benefit doesn't exceed the $300 employee exemption. Assuming the employer does this then, in the September 2009 quarter, the employer can provide $5,000 in unclassified benefits before FBT applies to those $5,000 of benefits.

Goods and services – attributed and non-attributed benefits

Free, subsidised or discounted goods and services

If the annual taxable value of all free, subsidised or discounted goods or services is less than $2,000 per employee, the benefits don't have to be attributed to the individual employee receiving them.

If you attribute any fringe benefits that come within the threshold, all benefits in that category must be attributed.

Note

Non-attributed benefits are taxed at 49% or 61% depending on the circumstances—see page 37.

If you're choosing the multi-rate option and attributing benefits, it's a good idea to identify the benefits that are attributed and non-attributed on a quarterly basis. This'll save you time at the end of the year when you complete your final or fourth quarter return.

For non-attributed benefits in this category, you'll also have to ensure, at the end of the year, that the total annual benefits provided to each employee is less than $2,000. If an employee's total benefit exceeds the threshold, the benefit must be attributed to them.

Subsidised transport

Attributed and non-attributed benefits

This applies only to employers who are in the business of, or in a group of companies in the business of, supplying transport to the public. For example, air, road, rail and sea passenger services.

A fringe benefit exists when employees receive the same service offered to the public at a cost less than 25% of the highest fare charged to the public. This also applies when the subsidised transport is provided by a third party, if both the employer and the third party are in the public transport business.

Example

A company provides air services to the general public. Employees can travel on these services by paying 10% of the highest price applying at the time of travel.

Mike, an employee, bought overseas travel costing $1,000. The highest cost for this class of travel was $10,000 so the fringe benefit is $1,500 ($10,000) x 25% = $2,500.

Subsidised transport is a separate category of fringe benefit. It doesn't have to be attributed to individual employees if all employees have the same or similar entitlement. However, if this isn't the case, the annual taxable value of subsidised transport provided to an employee of $1,000 or more must be attributed.

Note

If one benefit in this category is attributed, all benefits must be attributed.

If you're choosing the multi-rate option and attributing benefits, it's a good idea to identify the benefits that are attributed and non-attributed on a quarterly basis. This will save you time at the end of the year when you complete your final or fourth quarter return.

For non-attributed benefits in this category, at the end of the year, you'll have to ensure that for each employee the total annual benefits provided are less than $1,000. If an employee's total benefit exceeds the threshold, the benefit must be attributed to them.

Specific common issues

Distinctive work clothing

If an employer provides distinctive work clothing it will be exempt from FBT. This means any single item of clothing forming part of a uniform identifiable with the employer because of logos, pattern, colour scheme or style.

Carparks

An employer who provides employees with carparks isn't subject to FBT if the carpark is on the employer's premises. This exemption extends to employers who lease carparks for their employees, provided the employer has an exclusive right to occupy the property.

Frequent flier and membership reward schemes

Benefits won't be subject to FBT where employees join the scheme for their own use. FBT may apply where the employer enters into an arrangement with the promoter of the scheme to benefit employees.

FBT taxable value calculation sheet

Quarter four, complete the calculation sheet as follows:

Free (gifts and prizes), subsidised, or discounted goods and services

Attributed benefits

The need to attribute benefits only applies if you've elected to use the multi-rate calculation process. Attribute benefits to the individual employee who receives the benefit if the **annual** taxable value, within this category, of all benefits to that employee is $2,000 or more.

1 Employee's name or "non-attributed" —if non-attributed benefits	2 Description of benefit	3 *Value of fringe benefit	4 Recipient's contributions	5 Total benefit (3 - 4)	6 Exemption (if claimed)	7 Taxable value (5 - 6)
Nicole	Prize & services	$ 195·00	$ – ·	$ 195·00	$ 195·00	$ 0·00
Bailey	Prize & Goods	$ 500·00	$ – ·	$ 500·00	$ 0·00	$ 500·00
		$ ·	$ ·	$ ·	$ ·	$ ·
		$ ·	$ ·	$ ·	$ ·	$ ·
		$ ·	$ ·	$ ·	$ ·	$ ·
		$ ·	$ ·	$ ·	$ ·	$ ·
		$ ·	$ ·	$ ·	$ ·	$ ·
		$ ·	$ ·	$ ·	$ ·	$ ·
		$ ·	$ ·	$ ·	$ ·	$ ·
		$ ·	$ ·	$ ·	$ ·	$ ·

Exemption: There's an $300 exemption per employee per quarter, providing the value of the individual employee's total benefit doesn't exceed $300 with a maximum employer exemption of $22,500 per annum for all employees.

1 $ 695·00 Total taxable value **2** $ 500·00

How to work out if you qualify for the employer exemption in this quarter

Transfer the amounts from Box 1 of your three previous quarterly calculation sheets into Boxes 3, 4 and 5

Amount from Box 1 of the quarter immediately before this quarter	3	$ 500·00
Amount from Box 1 of the quarter before the Box 3 quarter	4	$ 350·00
Amount from Box 1 of the quarter before the Box 4 quarter	5	$ 600·00
Total value. Add Boxes 1, 3, 4 and 5	6	$ 2,145·00

Note: If the total value in Box 6 is **greater than $22,500** enter the total from Box 1 into Box B. If the total value in Box 6 is **less than $22,500** enter the total from Box 2 into Box B.

Total taxable value. Copy this amount to Box B on page 1 **B** $ 500·00

* Value of fringe benefit is:
- goods – the cost to the employer, or if manufactured, the lowest market value (GST-inclusive)
- services – normal market value (GST-inclusive).

Gifts and prizes and subsidised or discounted goods and services

It's a good idea to list your employees' names in the same order for all your calculation sheets.

Column 1

Write the employee's name or "non-attributed".

Column 2

Write a description of the goods or services provided. Include the number of employees who received the non-attributed benefit.

Column 3

Write the value of the goods or services supplied.

Column 4

Write the amount of any employee contribution.

Column 5

Work out the total value of the benefit by subtracting the recipient's contributions (column 4) from the value of the fringe benefit (column 3).

Column 6

Write the amount of any exemption claimed.

Column 7

Work out the taxable value of the benefit by subtracting the exemption (column 6) from the total benefit (column 5).

Box 1

Total the value of benefits provided.

Box 2

Add up the taxable value of benefits provided and put the amount in Box 2.

Box 3

Amount of total benefits from Box 1 of the previous quarter.

Box 4

Amount of total benefits from Box 1 of the quarter prior to that of Box 3.

Box 5

Amount of total benefits from Box 1 of the quarter prior to that of Box 4.

Box 6

Total value of taxable benefits provided in the current quarter and the three preceding ones. Add Boxes 1, 3, 4 and 5.

If the total benefits of the current quarter and the three preceding quarters exceeds $22,500, exemptions can't be claimed for benefits provided in the current quarter.

Box B

Transfer the total from Box B on page 2 to Box B on page 1 of the calculation sheet.

Subsidised transport

Attributed benefits
The need to attribute benefits only applies if you've elected to use the multi-rate calculation process. Attribute benefits to the individual employee who receives the benefit if the **annual** taxable value, within this category, of all benefits to that employee is $1,000 or more. †

1 Employee's name or "non-attributed" —if non-attributed benefits	2 Description of benefit	3 25% of maximum fare or cost to employer	4 Recipient's contributions	5 Taxable value (3 - 4)
		$.	$.	$.
		$.	$.	$.
		$.	$.	$.
		$.	$.	$.
		$.	$.	$.

Total taxable value. Copy this amount to Box C on page 1 **C** $ 0.00

† Special rules also apply—see the *FBT guide (IR 409)* for more details. You can get this from **www.ird.govt.nz** or by calling INFOexpress on 0800 257 773.

Subsidised transport

It's a good idea to list your employees' names in the same order for all your calculation sheets.

Column 1

Write the employee's name, or "non-attributed".

Column 2

Describe the benefit. If it's a non-attributed benefit, include the number of employees who received it.

Column 3

Write 25% of the highest fare charged to the public, or the cost of the fare if the employer bought it from a third party.

Column 4

Write the amount of any employee contribution.

Column 5

Subtract column 4 from column 3 and write the amount in column 5. This is the taxable value of the benefit.

Box C

Add up the taxable value of benefits provided and put the amount in Box C.

Transfer the total from Box C on page 3 to Box C on page 1 of the calculation sheet.

Record keeping

You need to keep separate records for different types of fringe benefits:

- gifts and prizes
- subsidised or discounted goods, services or transport.

This is because you've to list them all separately in your FBT taxable value calculation sheet.

The records must show the:

- the date of transaction
- name of employee receiving the benefit
- description of the benefit provided
- cost to employee
- cost to employer for goods
- normal market price for services
- highest price charged to the general public for subsidised transport.

Where appropriate, you should also keep tax invoices.

Part 5 – Low-interest loans

FBT is charged on low-interest loans made to employees. A loan includes all advances (such as salary advances), deposits, money lent in any other way, and any credit given (including delaying the recovery of a debt). A debit balance in the current account of a shareholder-employee of a close company would also be a loan.

FBT isn't charged on the actual loan provided by an employer to an employee. FBT is calculated on loans by comparing the interest on the loan with the interest calculated, using the prescribed rate.

Note

Banks and financial institutions can choose to calculate FBT on either the prescribed or market rate.

Prescribed rate of interest

The prescribed rate of interest is a standard rate set by regulation under the Income Tax Act and is reviewed quarterly.

If there's a change to the rate of interest it'll be made:

– at least one month before the start of the quarter the new rate first applies to, if the rate is increased, or
– at least one month before the end of the quarter the new rate first applies to, if the rate is reduced.

When the prescribed rate changes, we'll let you know in our newsletter *Payroll news*. You can find the current rate either:

- online at **www.ird.govt.nz** or
- by calling us on 0800 377 772.

Market rate

Banks or financial institutions may choose to calculate the interest on a loan based on market rate. All employers other than banks or financial institutions must calculate interest using the prescribed rate.

"Market" interest is the amount that would apply to an employee belonging to a group which:

- is assessed as having a comparable credit risk to that which the employee belongs
- is not associated to the employer; and
- is big enough to conduct the transaction on an arms-length basis.

Example

A bank provides loans to its employees on terms that are identical to those a bank offers a group of government employees, but not to the public in general. The market interest rate would be the one offered to the group of government employees.

Interest subject to FBT

If the interest on the loan is less than the interest calculated using the prescribed rate or market rate on the daily balance of the loan, FBT is charged on the difference.

If a loan is provided by another person on behalf of the employer, FBT may also be charged. For example, an employer will be subject to FBT on any low-interest loan provided to an employee by an associated company in a group of companies.

Loans not subject to FBT

If normal commercial credIt's available to the general public, and you give the same credit to an employee, it isn't subject to FBT.

Example

Audis on Anglesey Ltd offers interest-free finance to the general public when buying a new car. Sarah buys a new car and takes advantage of the interest-free finance being offered. Even though the interest payable (nil) is lower than the prescribed rate, the loan wouldn't be subject to FBT as the finance is available to the general public.

Charitable organisations aren't required to account for FBT where a benefit to an employee by way of short-term credit is made available and the benefit doesn't exceed 5% of the employee's salary and wages.

Note

If the total value of the benefits exceeds the 5% threshold the charitable organisation will need to account for FBT on the short-term credit available to the employee.

Wage advances

Loans provided by employers as an advance against future salary or wages won't incur an FBT liability, provided the aggregate amount outstanding for an employee doesn't exceed $2,000. The loan provided to the employee must not form part of an employment package.

This exemption doesn't apply to loans which have been secured against real property, such as a mortgage.

Employee share-purchase schemes

Some low-interest loans provided under employee share-purchase schemes are exempt from FBT. To be exempt the loan must qualify in the following ways:

- The sole purpose and use of the loan, for the period the loan is outstanding is to enable the employee to acquire shares or rights, or options to shares, in the employer's (or their associates') company.
- The shares, rights or options must be beneficially owned by the employee at all times for the period of the loan.
- A condition of the loan is that it must be repaid in full if the employee ceases to be the beneficial owner of any of the shares, rights or options.
- The company issuing the shares, rights or options isn't a qualifying company.
- The employer and employee aren't associated persons.
- The company issuing the shares, rights or options maintains a dividend paying policy for the period of the loan.
- The employer hasn't received written approval from Inland Revenue to claim an estimated expense. For more help with this point, call us on 0800 377 772.

Company provides low-interest loans

Current account – debit balances

FBT is charged on the difference between the prescribed rate of interest calculated on a daily basis on the amount overdrawn, and the actual interest charged and debited to the account.

Where a shareholder-employee is allocated further income after the end of the income year, that income is deemed to have been credited to the current account. This is done either on the first day of that income year or the day the balance of the current account first became overdrawn during that income year, whichever is later.

If the company files income year returns, it'll have to work out the interest on the current account, and pay any FBT by the due date.

However, if the company has already filed quarterly returns, it must work out the correct interest and FBT payable on the current accounts for each quarter in the year. The company may have to file amended returns and late payment penalties, interest or shortfall penalties may be imposed on any extra FBT owing.

Note

Interest isn't imposed on income or annual year filers.

Expense accounts

If an employer provides employees with interest-free expense accounts that can be used to purchase goods and services for private use, FBT is payable on interest calculated on a daily basis at the prescribed rate on the account's debit balance.

FBT isn't payable if the employer charges interest to the expense account on a daily basis at the prescribed rate.

Loans to life insurance policy holders

Where the holder of a life insurance policy in New Zealand receives a loan from that life insurer, FBT will be payable as though the life insurer were the employer of the policy holder, and the loan was an employment-related loan. This also applies if the loan is offered to an associated person of the policy holder.

FBT is payable on any difference between the interest rate charged to the policy holder (or associated person) and the prescribed rate of interest. However, if the loan given to the policy holder is exactly the same as loans available to the general public, there's no liability for FBT.

Note

Under the multi-rate option, loans by life insurers to life insurance policy holders are classified as pooled fringe benefits and are taxed at 49%.

Taxable value of the fringe benefit

Loans with reviewable interest rates and all loans made on or after 1 April 1985

The taxable value of the fringe benefit is the difference between the interest calculated on the daily balance of the loan for the quarter or income year, using the prescribed rate for that period, and the interest actually charged on that loan for the quarter or income year.

Example

Taxable value of the fringe benefit

Sarah received a $12,000 loan from Audis on Anglesey Ltd to buy a used boat.

Calculation of interest at prescribed rate (quarter ended 31 December 2007)

Loan balance at beginning of quarter	$ 12,000.00
Repayment at mid-point of quarter	$ 400.00
Balance at end of quarter	$ 11,600.00
Prescribed rate of interest	
46 days x 10.37% x $12,000/365	$ 156.83
46 days x 10.37% x $11,600/365	$ 151.60
Total prescribed rate of interest	$ 308.43
Write this amount in column 8 of the calculation sheet—see page 30.	$ 308.43

Calculation of actual interest charged

The loan agreement between Sarah and Audis on Anglesey Ltd states that interest is charged at a rate of 2%.

Loan balance at beginning of quarter	$ 12,000.00
Repayment at mid-point of quarter	$ 400.00
Balance at end of quarter	$ 11,600.00
46 days x 2% x $12,000/365	$ 30.25
46 days x 2% x $11,600/365	$ 29.24
Write this amount in column 9 of the calculation sheet	$ 59.49

Loans with non-reviewable interest rates

These are loans made before 1 April 1985, which were subject to a non-reviewable interest rate when granted. The taxable value of the fringe benefit is the difference between the interest calculated on the daily balance of the loan for the quarter or income year using the "non-concessionary rate of interest".

This applies for the year the loan agreement was signed in, and the interest actually charged on that loan for the quarter or income year.

Loans owing to life insurers – non-attributed benefits

Under the multi-rate option employment related loans provided by life insurers to their policyholding employees, don't need to be attributed.

Annual and income year returns

Employers completing annual and income year returns must calculate the interest for each quarter and add the four taxable values together to get the total for the year. If you file income year returns, the standard quarters may not match your own financial year. You must still calculate the interest on the daily balance of the loan, using the prescribed rate applying on each day. This means that some income years will span five different standard quarters, and some prescribed rates will only apply to one or two months of the income year.

Prescribed interest rates

Please go to **www.ird.govt.nz/fbt** for the different interest rates.

FBT taxable value calculation sheet

Low-interest loans

1 Employee's name	2 Year loan was granted	3 Is rate reviewable? Yes	No	4 Rate of interest %	5 *Market rate %	6 Interest at market rate	7 Prescribed or non-concessionary rate %	8 Interest at prescribed or non-concessionary rate	9 Actual interest charged	10 Taxable value (6 - 9) or (8 - 9)	11 Loan balance at end of period
Sarah	2007		✓	2%	–	$ –	10.37%	$ 308.43	$ 59.49	$ 248.94	$ 11,600.00
						$		$	$	$	$
						$		$	$	$	$
						$		$	$	$	$

* The market rate calculation can only be used by financial and banking institutions.

Total taxable value. Copy this amount to Box D on page 1 **D** $ 248.94

Complete the calculation sheet as follows:

It's a good idea to list your employees' names in the same order for all your calculation sheets. If an employee has more than one loan, enter the details of each loan separately.

Column 1

Write the names of employees who have been granted loans here.

Column 2

Write the financial year ended 31 March when the loan was granted.

Loan granted 2 February 2007, print "2007" in column 2.

Column 3

Tick "Yes" if the interest rate payable on the loan can be reviewed, or "No" if it can't.

Column 4

Write the interest payable for the loan agreement.

Column 5

Market rate, if applicable.

Column 6

Interest at market rate, if applicable.

Column 7

Enter the prescribed rate of interest. We'll let you know through *Payroll News* when the prescribed rate changes. Check www.ird.govt.nz for the current rate.

Column 8

Enter the amount of interest for the period using the prescribed interest rate in column 7. See example of this calculation on page 29.

Column 9

Write the interest actually charged for the period.

Column 10

Work out the taxable value of the low-interest loan by subtracting the actual interest charged (column 9) from interest payable at the market rate (column 6) or prescribed rate or the non-concessionary rate (column 8).

Column 11

Write the loan balance at the end of the period.

Box D

Total column 10. This is the total taxable value of all low-interest loans.

Transfer the total from Box D on page 3 to Box D on page 1 of the calculation sheet.

Record keeping

In most cases, your existing records will provide enough information to work out the value of the fringe benefit for loans. Read the following Notes to see if you need to keep any extra records.

Accrued interest

If you don't calculate the accrued interest each quarter, you must change your accounting procedures so interest is recorded quarterly for FBT.

Daily balance of the loan

You must work out the interest on the daily balance of the loan using the prescribed rate of interest.

To work out the daily balance you need:

- the loan balance at the beginning of the quarter
- all repayments or reductions to the loan and the dates
- interest and other charges incurred and the dates.

Non-reviewable interest rates

If a loan is subject to a non-reviewable rate of interest, you must keep a copy of the original loan agreement. This should show:

- the interest rate payable
- a clause stating the rate isn't reviewable
- the date the agreement was signed.

Part 6 – Employer contributions to funds, insurance and superannuation schemes

Any contributions you make for your employees to any of the following are subject to FBT.

- Sick, accident or death benefit funds
- Funeral trusts
- Insurance fund of a friendly society, life, pension, personal accident or sickness policies
- Superannuation schemes to which ESCT* (employer superannuation contribution tax) doesn't apply.

Note

ESCT must be deducted from any specified superannuation contribution to a superannuation fund an employer makes for the employee's benefit. If an employee asks you to make deductions from their wages and pay them to a superannuation scheme, these aren't specified superannuation contributions.

If you're not sure if ESCT applies to your superannuation scheme, call your scheme provider or us on 0800 377 772.

Life insurance contributions

If an employee or a family member takes out an insurance policy and the premiums are paid by the employer, the payments are taxable income in the hands of the employee. The employer doesn't pay FBT on these contributions.

If an employer takes out an insurance policy for an employee and pays the premiums, the employer will have to pay FBT on those premiums.

However, if the employer, not the employee, benefits from the policy, the payments are neither subject to FBT, nor taxable in the hands of the employee.

Discounted life insurance for agents

When life insurance agents receive discounted premiums on their own or family policies, the discounted premiums are fringe benefits. As the employer, the life insurer will be liable for the FBT. For FBT purposes the self-employed commission agent is an employee as the commissions paid to them are schedular payments*—see "Employers and employees" on page 7.

The taxable value of the fringe benefit

The taxable value of the fringe benefit is the total premium you contributed or paid.

These are calculated on a GST-inclusive basis, unless the goods and services being provided are exempt from GST.

Attributed and non-attributed benefits

When providing these fringe benefits, there's a non-attributed threshold of $1,000 per employee, per year for each of the four categories referred to earlier.

If you choose to attribute any fringe benefits in a category, even if the total amount of the benefits is less than $1,000 per employee, all these benefits must be attributed.

Note

Non-attributed benefits are taxed at 49% or 61% depending on the circumstances—see page 37.

If you're choosing the alternate-rate option and attributing benefits, it's a good idea to identify the benefits that are attributed and non-attributed on a quarterly basis. This will save you time at the end of the year when you complete your final or fourth quarter return.

For non-attributed benefits in this category you'll, at the end of the year, have to ensure that for each employee, the total annual benefits provided are less than $1,000. If an employee's total benefit exceeds this threshold, you must attribute the benefit to them.

* Formerly specified superannuation contribution withholding tax (SSCWT)

FBT taxable value calculation sheet

For quarter four

Contributions to funds, insurance and superannuation schemes

- **Complete this panel if you make contributions for your employees to:**

  Category 1 – any sick, accident and death fund approved by the Commissioner

  Category 2 – any life insurance, pension insurance, personal accident or sickness insurance policy, or insurance fund of a friendly society

  Category 3 – any superannuation scheme where ESCT (employers superannuation contribution tax)* doesn't apply

  Category 4 – Funeral trusts

Attributed benefits

The need to attribute benefits only applies if you've elected to use the alternate-rate calculation process. Attribute benefits to the individual employee who receives the benefit for each of the four categories above, if the **annual** taxable value, within each category, of all contributions to that employee is $1,000 or more.

1 Employee's name or "non-attributed" —if non-attributed benefits	2 Name and description of fund	3 Taxable value
Category 1:		$
		$
		$
		$
Category 2:		$
Non-attributed	Audis on Anglesey Ltd – staff accident fund – 10 employees – half-yearly premiums	$ 4,500·00
		$
		$
Category 3:		$
		$
		$
		$
Category 4:		$
		$
		$
		$
	Total taxable value. Copy this amount to Box E on page 1 **E**	$ 4,500·00

Complete the calculation sheet as follows:

It's a good idea if you list your employees' names in the same order for all your calculation sheets.

Column 1

Write the employee's name, or "non-attributed".

Column 2

Write the name and a description of the fund. Include the number of employees who received the non-attributed benefit.

Column 3

Write the total amount you contributed over the period.

Box E

Add up column 3 and write the total in Box E. This is your total taxable value for contributions to funds, insurance, health insurance and superannuation schemes.

Transfer the total from Box E on page 4 to Box E on page 1 of the calculation sheet.

Record keeping

For contributions to superannuation schemes, you need to keep:

- a copy of your approval letter received from the Government Actuary stating the type of superannuation scheme and the date of approval
- a list of the employees in the scheme
- a list of the amounts contributed for each employee.

For sick, accident or death benefit funds, your records must show:

- approval by the Commissioner of Inland Revenue
- the names of the employees in the fund
- amounts contributed for each employee.

You must hold the following records for life, pension, funeral, personal accident and sickness insurance policies:

- the type of policy and the date it was taken out
- a list of the employees covered by the policy
- the premium amount paid for each employee.

* formerly specified superannuation withholding tax (SSCWT)

Part 7 – Completing FBT returns

The following examples are using the FBT rate for the year ending 31 March 2010 and forward. If you are working out FBT for other years please refer to the table on page 5 for the correct rates.

In this part we'll explain how to complete your:

- quarters 1 to 3 returns, and
- fourth quarter return.

The alternate-rate calculation lets you choose the way you calculate FBT payable, based on the earnings paid by you to your individual employees, as follows:

- In quarters 1 to 3 you're required to choose whether you'll pay FBT at the rate of 49% or 61%.
- If you choose 49% in any one of quarters 1 to 3 you must complete either the "full" alternate-rate calculations or the short form option in the fourth quarter (1 January to 31 March). The short form option applies the flat rate of 61.29% to all attributed benefits and 49% (or 61% for major shareholder-employees) to all non-attributed benefits.
- If you choose to pay FBT at the rate of 61% in the first three quarters, you can either complete the alternate-rate calculation in the fourth quarter, or pay FBT at 61%.

Choosing a rate

It's important you consider your particular situation when deciding which rate you're going to apply to the fringe benefits you provided.

In deciding what rates to use you should consider:

- the additional time and possible set-up costs to complete the alternate-rate calculations
- the impact of non-attributed benefits. If your company provides a number of non-attributed benefits you should consider using the alternate-rate calculation process
- if your employees receiving fringe benefits earn over $70,000 annually, you should consider using either the 61% flat rate or the short form alternate-rate when calculating FBT.
- if your employees receiving fringe benefits earn less than $70,000 you should consider the full alternate-rate calculation process.

Annual and income year returns

Employers completing annual or income year returns can choose to either:

- pay FBT at 61% of the taxable value of the benefits provided, or
- complete either the full alternate-rate calculation or the short form option.

Completing FBT quarterly returns (IR 420) for quarters 1 – 3

The return periods for quarters 1 – 3 are:

Quarter 1	1 April to 30 June
Quarter 2	1 July to 30 September
Quarter 3	1 October to 31 December

Taxable benefits – section A

Transfer the total from the FBT taxable value calculation sheet to your return (see example on pages 34 and 35). If you'ven't provided any fringe benefits, write "0.00" in Box 3.

Rate of FBT – section B

In Box 4 on the return you're required to tick your choice of tax rate. The options are:

1. Pay FBT at 61% of the taxable value of the benefits provided. If you choose this rate in all four quarters, you won't need to do a fourth quarter alternate-rate calculation. If you choose this rate for quarters 1 to 3, you may still choose to do a fourth quarter alternate-rate calculation.
2. Pay FBT at 49% of the taxable value of the benefits provided. In the fourth quarter you'll be required to do an alternate-rate calculation that aligns total FBT for the year to the level of fringe benefit inclusive cash remuneration for each employee who received a fringe benefit.

Note

The alternate-rate calculation is only an option for final quarters (where the employer has stopped employing staff), and quarter 4.

Motor vehicles

1 Employee's name or "pooled"—if pooled vehicles	2 Make, model, year of manufacture and registration number		3 *Original cost price (whether owned or leased)	4 *Tax book value (owned or leased)	5 No. of days available for private use	6 *Value of benefit	7 Recipient's contributions	8 Taxable value (6 - 7)
Allan	2008 Audi A6	CDEF3	$ 132,900	$	87	$ 6,423·50	$	$ 6,423·50
Karyn	2008 Audi TT	KLMN5	$ 84,900	$	82	$ 3,867·66	$	$ 3,867·66
Michael	2008 Audi A4	GHIJ4	$ 89,900	$	90	$ 4,495·00	$ 170·00	$ 4,325·00
Zao	2008 Audi A4	OPQR6	$ 74,900	$	90	$ 3,745·00	$	$ 3,745·00
Nicole	2006 Audi A4	BLDE2	$ 40,000	$	90	$ 2,000·00	$	$ 2,000·00
Flynn	2005 Audi A4	ABCD1	$ 32,000	$	18	$ 320·00	$	$ 320·00
Pooled vehicles			$ 23,700	$	90	$ 4,740·00	$	$ 4,740·00
			$	$		$	$	$
			$	$		$	$	$
			$	$		$	$	$

Total taxable value Copy this amount to Box A below. **A** $ 25,421·16

* **Note**
For vehicles that are owned or leased prior to 1 April 2006, FBT must be calculated on the cost price of the vehicle unless, you've owned or leased the vehicle for five years or more.
For vehicles owned or leased on or after 1 April 2006 you can calculate FBT using either the vehicle's tax book value or it's cost price. You must continue to use your chosen option until either, the vehicle is sold, ceases to be leased or a period of five years has elapsed.

$$\text{Cost price (Box 3)} \times \frac{\text{Days (Box 5)}}{90} \times 5\%^{*} \qquad {}^{\dagger}\text{Tax book value (Box 4)} \times \frac{\text{Days (Box 5)}}{90} \times 9\%^{**}$$

* 5.625% if vehicle cost excludes GST

**10.125% if vehicle book value excludes GST

† The minimum value of $8,333 must be used to calculate the taxable value once the vehicles tax book value has depreciated to less than this amount.

Total motor vehicle taxable value from Box A above	**A**	$ 25,421·16
Total goods and services taxable value from Box B on page 2	**B**	$ 500·00
Total subsidised transport taxable value from Box C on page 3	**C**	$ 0·00
Total low-interest loans taxable value from Box D on page 3	**D**	$ 248·94
Total insurance and superannuation taxable value from Box E on page 4	**E**	$ 4500·00
Total taxable value Add the amounts in Boxes A to E, print your answer in Box F. Copy this amount to Box 3 on your return.	**F**	$ 30,670·10

Free (gifts and prizes), subsidised, or discounted goods and services

Attributed benefits
The need to attribute benefits only applies if you've elected to use the alternate-rate calculation process. Attribute benefits to the individual employee who receives the benefit if the **annual** taxable value, within this category, of all benefits to that employee is $2,000 or more.

1 Employee's name or "non-attributed"—if non-attributed benefits	2 Description of benefit	3 *Value of fringe benefit	4 Recipient's contributions	5 Total benefit (3 - 4)	6 Exemption (if claimed)	7 Taxable value (5 - 6)
Nicole	Prize & services	$ 195·00	$ –	$ 195·00	$ 195·00	$ 0·00
Bailey	Prize & Goods	$ 500·00	$ –	$ 500·00	$ 0·00	$ 500·00
		$	$	$	$	$
		$	$	$	$	$
		$	$	$	$	$
		$	$	$	$	$
		$	$	$	$	$
		$	$	$	$	$
		$	$	$	$	$
		$	$	$	$	$

1 $ 695·00 Total taxable value **2** $ 500·00

Exemption: There's an $300 exemption per employee per quarter, providing the value of the individual employee's total benefit doesn't exceed $300 with a maximum employer exemption of $22,500 per annum for all employees.

How to work out if you qualify for the employer exemption in this quarter

Transfer the amounts from Box 1 of your three previous quarterly calculation sheets into Boxes 3, 4 and 5

Amount from Box 1 of the quarter immediately before this quarter	**3**	$ 500·00
Amount from Box 1 of the quarter before the Box 3 quarter	**4**	$ 350·00
Amount from Box 1 of the quarter before the Box 4 quarter	**5**	$ 600·00
Total value. Add Boxes 1, 3, 4 and 5	**6**	$ 2145·00

Note: If the total value in Box 6 is **greater than $15,000** enter the total from Box 1 into Box B.
If the total value in Box 6 is **less than $15,000** enter the total from Box 2 into Box B.

Total taxable value. Copy this amount to Box B on page 1 **B** $ 500·00

* Value of fringe benefit is:
- goods – the cost to the employer, or if manufactured, the lowest market value (GST-inclusive)
- services – normal market value (GST-inclusive).

Subsidised transport

Attributed benefits
The need to attribute benefits only applies if you've elected to use the alternate rate calculation process. Attribute benefits to the individual employee who receives the benefit if the **annual** taxable value, within this category, of all benefits to that employee is $1,000 or more. (†)

1 Employee's name or "non-attributed"—if non-attributed benefits	2 Description of benefit	3 25% of maximum fare or cost to employer	4 Recipient's contributions	5 Taxable value (3 - 4)
		$	$	$
		$	$	$
		$	$	$
		$	$	$
		$	$	$

Total taxable value. Copy this amount to Box C on page 1 **C** $ 0·00

(†) Special rules also apply—see the *FBT guide (IR 409)* for more details. You can get this from **www.ird.govt.nz** or by calling INFOexpress on 0800 257 773.

Low-interest loans

1 Employee's name	2 Year loan was granted	3 Is rate reviewable? Yes	3 Is rate reviewable? No	4 Rate of interest %	5 *Market rate %	6 Interest at market rate	7 Prescribed or non-concessionary rate %	8 Interest at prescribed or non-concessionary rate	9 Actual interest charged	10 Taxable value (6 - 9) or (8 - 9)	11 Loan balance at end of period
Sarah	2007	○	✓	2%	–	$ –	10.37%	$ 308·43	$ 59·49	$ 248·94	$ 11,600·00
		○	○			$		$	$	$	$
		○	○			$		$	$	$	$
		○	○			$		$	$	$	$

* The market rate calculation can only be used by financial and banking institutions.

Total taxable value. Copy this amount to Box D on page 1 **D** $ 248·94

Contributions to funds, insurance and superannuation schemes

- **Complete this panel if you make contributions for your employees to:**

Category 1 – any sick, accident and death fund approved by the Commissioner

Category 2 – any life insurance, pension insurance, personal accident or sickness insurance policy, or insurance fund of a friendly society

Category 3 – any superannuation scheme where employers superannuation contribution tax (ESCT) doesn't apply.

Category 4 – Funeral trusts

Attributed benefits
The need to attribute benefits only applies if you've elected to use the alternate rate calculation process. Attribute benefits to the individual employee who receives the benefit for each of the four categories above, if the **annual** taxable value, within each category, of all contributions to that employee is $1,000 or more.

1 Employee's name or "non-attributed"—if non-attributed benefits	2 Name and description of fund	3 Taxable value
Category 1:		$
		$
		$
		$
Category 2:		$
Non-attributed	Audis on Anglesey Ltd – staff accident fund – 10 employees – half yearly premiums	$ 4,500·00
		$
		$
Category 3:		$
		$
		$
		$
Category 4:		$
		$
		$
		$

Total taxable value. Copy this amount to Box E on page 1 **E** $ 4,500·00

Open here

Inland Revenue
Te Tari Taake

Tear here

*IR420

Fringe benefit tax quarterly return

IR 420
April 2009

Audis on Anglesey Limited
563 Goodyear Street
Wellington

IRD number
1 999-9999-999

Quarter ended
2 31 March 2008

This return and any payment are due 31 May 2008

You can file your return online at **www.ird.govt.nz**

Income Tax Act 2007

Is this return for Quarter 4 (1 January to 31 March)?
No ○ Complete sections **A**, **B** and **D** below. Yes ○ Complete sections **A**, **C** and **D** below.
If you have ceased employing during the quarter please refer to the *FBT guide (IR 409)* or call us on 0800 377 772)

A Taxable benefits provided for this quarter

Copy the **total taxable values** from your *Taxable value calculation sheet (IR 427)* to Box 3. If there is no taxable value leave this box blank and still file this return.

3 $ 30 670.00

B Complete this section for Quarters 1, 2 and 3 – do not complete this section for Quarter 4

Enter either 64% (for periods prior to 31/03/2009) or 61% (for periods after 01/04/2009) or tick 49%.

4 % ○ 49%

C Complete this section for Quarter 4 only – see the *FBT return guide (IR 425)* for help

Enter single rate (64% or 61%) or tick alternate rate (the 49% rate can't be used in this quarter).

5 % ✓ Alternate rate (formerly multi-rate)

D Fringe benefit tax to pay or refund

- For Quarters 1, 2 and 3 multiply Box 3 by Box 4 and print your amount in Box 6.
- For Quarter 4 multiply Box 3 by Box 5 or transfer amount from Box C of the IR 417 (or your remuneration adjustment worksheet) to Box 6.

6 $ 7 010.49

(Tick one) FBT to pay ✓ FBT refund ○

GST payable on fringe benefits

Value from Box 3 (less any fringe benefits that are exempt or zero-rated for GST) divided by nine. See page 49 in the *FBT guide (IR 409)*.

7 $ 3 380.12

Total value of all benefits from Box 3, $30,625 less $248.94 = $30,421.04 divided by 9 = GST payable

Tax to pay or refund

If Box 7 is nil, copy the amount in Box 6 to Box 8. If Box 6 is FBT to pay, **add** Box 7. Show your tax to pay in Box 8. If Box 6 is an FBT refund, **subtract** Box 7.

- If Box 7 is greater than Box 6, show your tax to pay in Box 8.
- If Box 7 is less than Box 6, show your refund in Box 8.

8 $ 10 390.61

(Tick one) Tax to pay ✓ Refund ○

OFFICE USE ONLY
Operator code ○ Corresp. indicator ○
Payment attached Y Return cat. ○

Has payment been made electronically? (Tick one) Yes ○ No ✓

Declaration

I declare that the information given in this return is true and correct.

Signature L.McDell
Date 30/05/08

Inland Revenue
Te Tari Taake

Payment slip

FBT 400

IRD number 999-9999-999

Quarter ended 31 March 2008

Audis on Anglesey Limited

This return and any payment are due 31 May 2008

Copy your total from Box 8 to Box 9 and include any late payment penalties and interest, *for this period only*.

Use the envelope supplied to post the top copy of both your return and payment slip and any cheque payment. **Keep the bottom copy for your records.**

Amount of payment **9** $ 10 390.61

See pages 42 and 47 for the calculation of fringe benefit tax to pay for quarter 4.

Calculate FBT, GST and tax to pay – section D

Calculate the FBT to pay using your chosen FBT rate. Enter the amount in Box 6.

To calculate the GST on fringe benefits:

1. Take the total from Box 3
2. Subtract the value of any benefits which are exempt or zero-rated supplies, for GST. The most common ones would be:
   - low-interest loans
   - other financial services
   - international travel
   - contributions to employee superannuation and life insurance policies.

   The result is fringe benefits liable for GST.
3. Divide the result from step 2 by 9. This is the GST amount to include in Box 7.

Add Boxes 6 and 7 and enter the tax to pay in Box 8 on the return form, and Box 9 on the payment slip.

Show whether you're paying FBT electronically by ticking either "Yes" or "No".

Completing FBT returns for quarter 4

The quarter 4 return is completed in the same way as the previous three quarters, but instead of completing section B, you complete section C as the options for calculating FBT payable have changed.

There are three options available:

1. Pay FBT at 61% if you've chosen 61% in each of the three previous quarters.
2. If you paid FBT at 61% in the previous three quarters, you may still choose to complete the alternate-rate calculations in the fourth quarter.
3. If you paid FBT at 49% in any of the previous three quarters, you must complete the alternate-rate calculations in the fourth quarter using either the full or short form calculation.

Annual and income year returns

Employers completing annual or income year returns may choose one of the following options:

1. Pay FBT at 61% of the taxable value of the benefits provided.
2. Complete their FBT return in the same manner as described for the fourth quarter alternate-rate calculation.

If you permanently cease employing staff

If you've permanently stopped paying wages, call us on 0800 377 772 to let us know, even if your business is still going.

Completion of final FBT return where you've ceased to employ staff and provide fringe benefits

If this is your final FBT return, you've ceased employing staff and don't intend to employ any more staff in the same income year, complete sections A, C and D in the quarter you cease to employ (quarterly filers only). Where you're asked to indicate if the return is for quarter 4 on the IR 420 there's no need to tick either circle. Please write "final return" next to the circles.

Note

If you're still providing fringe benefits to former employees you must continue to pay FBT on these benefits.

Options for completing your final return

You can complete your final return using one of the following options:

- the flat rate of 61%—available only if you've used 61% in all other quarterly returns from 1 April
- the full alternate-rate calculation process
- the short form alternate-rate calculation process

For more information on the alternate-rate calculation options see pages 42 and 47.

Note

Where the alternate-rate option is elected outside the fourth quarter, we may contact you to confirm this is your final FBT return.

Due dates for final return

If you're filing your final FBT return in quarters 1, 2 or 3, the due date shown on the return will be the standard quarterly due date (20th of the month following the quarter). The actual due date for filing a final return in quarters 1, 2 or 3 is extended to the end of two months immediately following the end of the quarter in which employment stopped.

The return periods and due dates for the returns and payments are:

Return period	Due date	Due date shown on return
1 April to 30 June (quarter 1)	31 August	20 July
1 July to 30 September (quarter 2)	30 November	20 October
1 October to 31 December (quarter 3)	28 February	20 January

If you're still employing staff but have ceased providing fringe benefits

If you've stopped providing fringe benefits partway through the year, you're required to continue filing FBT returns until the end of that income year.

If you don't intend to provide fringe benefits in the future call us on 0800 377 772 or complete the fringe benefit tax election online at **www.ird.govt.nz > get it done online** during the fourth quarter. The election will take effect from the beginning of the next tax year (1 April).

Shareholder-employees' remuneration or attributed income unknown

If, at the time of completing your fourth quarter return, you don't know all the remuneration of your shareholder-employees or those receiving attributed income, you can apply either the 49% or 61.29% FBT rate to the value of the attributed benefits. If you use the 49% rate you'll then complete the alternate-rate calculation in next year's return. If you use 61.29% there are no further calculations to complete next year.

To calculate FBT payable for shareholder-employees or persons receiving attributed income, where the remuneration details are unknown, the fringe benefit-inclusive cash remuneration will be the annual amount of the attributed fringe benefit provided. The 49% or 61.29% FBT rate will then be applied to this amount.

If you use the 49% FBT rate it's important to keep the following information for your next year's calculation of FBT to pay for each shareholder-employee and person receiving attributed income:

- Total attributed benefits provided for the year.
- The amount of FBT payable for the year on the taxable value of those attributed benefits.

Remuneration adjustment

We've designed a remuneration adjustment worksheet (see page 46) to assist you when you need to make a remuneration adjustment.

This adjustment will be required where full remuneration or attributed income details for shareholder-employees, or those receiving attributed income, were unknown at the time of completing last year's fourth quarter or annual return, and you elected the 49% rate.

The remuneration adjustment sheet is available at **www.ird.govt.nz > work it out**

Attributed and non-attributed benefits

Attributing fringe benefits

If you choose to apply the alternate-rate calculations you'll have to attribute the following fringe benefits to the individual employee receiving them.

The fringe benefit categories are:

- Motor vehicles (other than pooled vehicles).
- Low-interest loans (other than low-interest loans provided by life insurers to policy holders).
- Subsidised transport, if the annual taxable value is $1,000 or more for an employee. An employer has the option to treat subsidised transport benefits as non-attributed if all employees have the same or similar entitlement to that benefit.
- Employer contributions to any life insurance, pension insurance, personal accident or sickness insurance policy, or insurance fund of a friendly society, if the annual taxable value of all contributions is $1,000 or more for an employee.
- Employer contributions to any superannuation scheme, where ESCT (employer superannuation withholding tax)* doesn't apply, if the annual taxable value of all contributions is $1,000 or more for an employee.

* Formerly specified superannuation contribution withholding tax (SSCWT)

- Employer contributions to any sick, accident, death funds or funeral trusts if the annual taxable value of all contributions is $1,000 or more for an employee.
- Benefits of any other kind if the combined annual taxable value of those benefits is $2,000 or more for an employee.

You can choose to attribute benefits when the total value of that benefit, within a particular category, for an employee is below the stated threshold.

However, if you choose to do this for one employee within a particular category, you must attribute all benefits in that category to all employees receiving them.

Non-attributed benefits

The rate of 49% applies to pooled or shared fringe benefits that aren't attributed to an individual employee (such as motor vehicles where no one employee has principal use of that vehicle). The 61% rate applies if a major shareholder-employee, or an associated person of the major shareholder- employee (where the fringe benefit isn't received as an employee), is one of the recipients of the non-attributed benefit.

A major shareholder-employee is a person who owns or controls or has the right to acquire 10% or more of the ordinary shares, voting rights or control of a close company and is also an employee of that company.

It may be necessary to create two pools and allocate non-attributed benefits to each pool according to whether or not a recipient of the benefit is a major shareholder-employee or an associated person of the major shareholder-employee.

Treatment of non-attributed benefits

Non-attributed benefits provided to employees, including major shareholder-employees who can be individually identified are taxed at:

- a flat rate of 49% for non-attributed benefits provided to ordinary employees
- 61% for non-attributed benefits provided to major shareholder-employees.

Example

DSC Ltd pays the annual gym membership of $750 per employee for six specified employees including one major shareholder-employee. DSC Ltd would pay FBT as follows:

5 x $750 = $3,750 @ 49%

1 x $750 = $750 @ 61%

If a major shareholder-employee is one of the recipients of non-attributed benefits that can't be assigned, all non-attributed benefits provided against this category are taxed at a flat rate of 61%.

Note

In quarter 4, quarterly filers will have to check the non-attributed benefits to ensure that the annual taxable value of the employee's benefits in a particular category is less than the thresholds under "Attributing fringe benefits". Refer also to the tables on pages 39 and 40. These summarise the rules for each benefit and provide examples of how the rules can be applied.

The table below shows the rules that apply to the different categories of benefits.

Benefit category	Threshold	Attributed	Non-attributed (pooled)
Motor vehicles	–	Attributed	If no employee has the principal use, enjoyment or availability, the benefit is treated as a non-attributed benefit.
Low-interest loans	–	Attributed Exception: Low-interest loans by life insurers are classified as non-attributed benefits.	Loans by life insurers to life insurance policy holders are classified as pooled fringe benefits and are treated as a non-attributed benefit.
Subsidised transport	$1,000	Attributed when the annual taxable value is $1,000 or more per employee.	Non-attributed if the annual taxable value is less than $1,000 per employee. †
		Exception: May be non-attributed if all employees have the same or similar entitlement to the benefit.	
Employer contributions to sick, accident, death fund or funeral trusts	$1,000	Attributed if the annual taxable value is $1,000 or more per employee.	Non-attributed if the annual taxable value is less than $1,000 per employee. †
Employer contributions to specified insurance funds of friendly societies	$1,000	Attributed if the annual taxable value is $1,000 or more per employee.	Non-attributed if the annual taxable value is less than $1,000 per employee. †
Employer contributions to any superannuation scheme (where ESCT doesn't apply)	$1,000	Attributed if the annual taxable value is $1,000 or more per employee.	Non-attributed if the annual taxable value is less than $1,000 per employee. †
Any other benefit of any kind (such as gifts, prizes and discounted goods and services)	$2,000	Attributed if the annual taxable value* is $2,000 or more per employee.	Non-attributed if the annual taxable value is less than $2,000 per employee. †

† Employers can choose to attribute all benefits within a category regardless of the category thresholds.

* This is the total value of all types of benefits provided to an employee within this category.

Below are three examples showing how to apply the rules when attributing and non-attributing benefits.

Key (A)–attributed benefit (N)–non-attributed benefit

Benefit category	Threshold	Example 1 Employer 1 chooses to attribute only those benefits that exceed the category thresholds	Example 2 Employer 2 chooses to attribute all benefits	Example 3 Employer 3 chooses to attribute all benefits except any other benefit of any other kind †
Motor vehicles	–	Emloyee A $4,000 (A)* Emloyee B – Emloyee C –	Emloyee A $4,000 (A)* Emloyee B – Emloyee C $6,200 (A)*	Emloyee A – Emloyee B $4,500 (A)* Emloyee C $8,600 (A)*
Low-interest loans	–	Emloyee A – Emloyee B – Emloyee C –	Emloyee A – Emloyee B – Emloyee C –	Emloyee A $3,000 (A) Emloyee B – Emloyee C $5,000 (A)
Subsidised transport	$1,000	Emloyee A – Emloyee B – Emloyee C –	Emloyee A – Emloyee B – Emloyee C –	Emloyee A – Emloyee B – Emloyee C –
Employer contributions to sick, accident, death fund or funeral trusts	$1,000	Emloyee A $1,800 (A)** Emloyee B $500 (N) Emloyee C $500 (N)	Emloyee A – Emloyee B – Emloyee C –	Emloyee A $1,500 (A) Emloyee B $600 (A) Emloyee C $950 (A) Employer has chosen to attribute all benefits
Employer contributions to specified insurance funds of friendly societies	$1,000	Emloyee A – Emloyee B – Emloyee C –	Emloyee A $750 (A) Emloyee B $750 (A) Emloyee C $750 (A)	Emloyee A – Emloyee B – Emloyee C –
Employer contributions to any superannuation scheme (where ESCT doesn't apply)	$1,000	Emloyee A – Emloyee B – Emloyee C –	Emloyee A – Emloyee B – Emloyee C –	Emloyee A $1,100 (A) Emloyee B $2,000 (A) Emloyee C $850 (A) Employer has chosen to attribute all benefits
Any other benefit of any kind (such as gifts, prizes and discounted goods and services)	$2,000	Emloyee A $1,000 (N) Emloyee B $550 (N) Emloyee C $700 (N) No benefit is greater than the threshold	Emloyee A $300 (A) Emloyee B $1,500 (A) Emloyee C $2,500 (A)	Emloyee A $2,500 (A) Emloyee B $150 (N) Emloyee C $120 (N) Employer hasn't chosen to attribute benefits under the threshold

† If the employer chooses to attribute one employee's benefit in a category and it's under the threshold, every other benefit in that category that has been received must be attributed to the employee who received it. Example 2 "Any other benefit of any kind", shows the $300 benefit has been attributed, so all the benefits in this category must be attributed. Example 3 is an example where the employer has chosen to voluntarily attribute all benefits within all the categories except for "Any other benefit of any kind". In this category only those benefits received by "Employee A" are required to be attributed as they exceed $2,000 in value.

* Pricipal usage

** Greater than the threshold of $1,000

Inland Revenue
Te Tari Taake

FBT Alternate-rate calculation sheet – quarterly returns

IR 417
May 2008

- **Transfer the totals for the year from the *FBT taxable value calculation sheet (IR 427)***
- **Keep the calculation sheets and the second copy of the return for your records.**
- **Please use the *Fringe benefit tax return guide (IR 425)* if you need help, or phone us on 0800 377 772.**

Employer's details

Name Audis on Anglesey Ltd

IRD number 9 9 9 9 9 9 9 9

(8 digit numbers start in the second box. 1 2 3 4 5 6 7 8)

Employees' taxable benefits

1 Employee's name	Tick if a shareholder-employee ✓	2 Employee's income (for example, wages, salary)	3 Tax on employee's income (column 2)	4 Net income (columns 2 – 3)	5 Quarter 1	6 Quarter 2	7 Quarter 3	8 Quarter 4	9◆ Fringe benefit-inclusive cash remuneration (4+5+6+7+8)	10 Tax on (column 9)	11 FBT payable for the year (columns 10 – 3)
Pooled vehicles and non-attributed benefits*					Taxable value from *FBT taxable value calculation sheet (IR 427)*						
Allan	✓	$ 90,000	$ 26,370·00	$ 63,630·00	$ 6,645·00	$ 6,645·00	$ 6,645·00	$ 6,571·16	$ 90,136·	$ 43,313·64	$ 16,943·64
Karyn	✓	$ 70,000	$ 18,570·00	$ 51,430·00	$ 4,245·00	$ 4,245·00	$ 4,245·00	$ 3,867·66	$ 68,032·	$ 29,182·55	$ 10,612·55
Michael		$ 65,000	$ 16,620·00	$ 48,380·00	$ 4,495·00	$ 4,495·00	$ 4,495·00	$ 4,325·00	$ 66,190·	$ 28,004·96	$ 11,384·96
Zao		$ 60,000	$ 14,670·00	$ 45,330·00	$ 3,745·00	$ 3,745·00	$ 3,745·00	$ 3,745·00	$ 60,310·	$ 24,245·87	$ 9,575·87
Nicole		$ 50,000	$ 11,370·00	$ 38,630·00	$ 2,201·00	$ 2,201·00	$ 2,204·00	$ 2,204·00	$ 47,440·	$ 16,018·08	$ 4,648·08
Flynn		$ 35,000	$ 6,825·00	$ 28,175·00	$ 320·00	$ 320·00	$ 320·00	$ 320·00	$ 29,455·	$ 7,119·99	$ 294·99
Bailey		$ 20,000	$ 3,900·00	$ 16,100·00	$ · –	$ · –	$ · –	$ 820·00	$ 16,920·	$ 3,848·00	$ (52 00)
		$	$ ·	$ ·	$ ·	$ ·	$ ·	$ ·	$ ·	$ ·	$ ·
Non-attributed (64%)		$	$ ·	$ ·	$ · –	$ · –	$ 4,500·00	$ · –	$ 4,500·	$ 64%	$ 2,880·00
Pooled vehicles (64%)		$	$ ·	$ ·	$ 4,740·00	$ 4,740·00	$ 4,740·00	$ 4,740·00	$ 18,960·	$ 64%	$ 12,134·40
				Totals	$ 26,391·00	$ 26,391·00	$ 30,894·00	$ 26,592·82			

* – 49% FBT rate for pooled vehicles and non-attributed benefits, or
– 64% FBT rate for pooled vehicles and non-attributed benefits to major shareholder-employees (or associates who aren't employees).

◆ Add taxable values from columns 5, 6, 7 and 8 together, deduct cents and then add the whole dollar value from column 4 to this figure. Enter value in column 9.

Note: Where an adjustment of FBT is required for employees for whom remuneration details were not finalised at the time of completing last year's FBT return, transfer to the remuneration adjustment sheet in the *Fringe benefit tax return guide (IR 425)*.

Total fringe benefit tax payable for the year. **A** $ 68,422·49

Less **total fringe benefit tax assessed** for quarters 1 (1 April to 30 June), 2 (1 July to 30 September) and 3 (1 October to 31 December) from your returns. **B** $ 61,412·00

Total fringe benefit tax to pay

Subtract Box B from Box A. Print your answer in Box C. **C** $ 7,010·49

Copy the amount in Box C to Box 6 of your return, see "Note" opposite
If Box A is larger than Box B, the result is your fringe benefit tax to pay
If Box B is larger than Box A, the result is your fringe benefit tax refund

(Tick one) ✓ FBT to pay ○ FBT refund

Don't forget to tick FBT to pay or FBT refund on your return

Note: Columns 3 and 10 reflect tax rates up to 31 March 2008. For periods 1 April 2008 to 31 March 2009 use the new composite rates.

Completing a fourth quarter "full" alternate-rate calculation sheet

The following examples are using the FBT rate for the year ending 31 March 2010. If you are working out FBT for other years please refer to the table on page 5 for the correct rates.

The fourth quarter alternate-rate calculation sheet is based on information you should already have. This includes:

- FBT returns and the FBT taxable value calculation sheets for each quarter.
- Annual payroll data for employees who received fringe benefits during any of the four quarters.

You'll also receive an FBT return guide with your fourth quarter FBT return.

See page 41 for an example of a completed FBT alternate-rate calculation sheet.

Note

The alternate-rate calculator under "work it out" at **www.ird.govt.nz** will calculate your FBT and provide you with a schedule which you can print and keep with your FBT records. If you use our alternate-rate calculator you won't need to complete the alternate-rate calculation sheet.

Column 1

In column 1 write the names of all employees you attributed benefits to during the year. If you supply several benefits to your employees, you only need to write the employee's name once. This information is on the FBT taxable value calculation sheets for each of the four quarters. If the benefit is a non-attributed benefit, write this in column 1.

If you haven't already identified those benefits that have to be attributed this will be your first step in completing the alternate-rate calculation.

See the table on attributed and non-attributed benefits on page 39. Page 40 shows examples of the options of attributing and not attributing benefits. These examples take into account the category thresholds.

If the benefit provided was a non-attributed benefit, write this down as a separate heading after all the employees who received attributed benefits in column 1.

Use a separate line for non-attributed benefits to major shareholder-employees.

If you provide benefits to shareholder-employees make sure you've ticked the circle in this column.

Note

Columns 2 to 4 aren't required for non-attributed benefits, benefits provided to shareholder-employees and persons receiving attributed income where their income is unknown, as flat rates are used.

Column 2

In column 2 write the total cash remuneration paid to each employee for the year ended 31 March. In the case of major shareholder-employees, also include all interest and dividend payments received from the employer for the year. This will be zero for non-attributed benefits. Show this amount as whole dollars.

Column 3

In column 3 write the total amount of tax payable based on the following tax rate tables for the employee during the year ended 31 March. The tax on an employee's income is a deemed amount rather than the actual tax paid. This isn't the amount of PAYE deducted from your employee's income. This will be zero for non-attributed benefits.

Rates and thresholds from 1 April 2009

Income thresholds	Tax rate
Income to $14,000	12.5%
$14,001 - $48,000	21%
$48,001 - $70,000	33%
$70,000 and over	38%

Column 4

For each employee, subtract the amount in column 3 from the amount in column 2. This is the employee's net cash remuneration.

Columns 5 to 8

Complete columns 5 to 8 for each employee, shareholder-employee and person receiving attributed income where the benefit has been attributed. For non-attributed benefits, refer to the FBT taxable value calculation sheets. For each quarter, total the taxable value of all attributed benefits received by an employee.

Write the total amount alongside the employee's name in column 5 for the June quarter, in column 6 for the September quarter, in column 7 for the December quarter and in column 8 for the March quarter.

Note

It's not necessary to attribute certain benefits if they fall under the threshold for their category.

Total each column and enter non-attributed benefits and pooled benefits (such as motor vehicles).

As a check to ensure all the figures have been correctly calculated, add up the column for each quarter. The column total should be the same as the taxable value shown on that quarter's return.

Column 9

For each employee and for non-attributed and pooled benefits, add columns 5 to 8 together. Drop the cents and then add the dollar value from column 4 and put the total in column 9. For employees this is the fringe benefit-inclusive cash remuneration (FBICR). Show this amount as whole dollars.

For shareholder-employees or persons receiving attributed income, where all their remuneration is unknown at the time of completing this return, the FBICR for this year is the annual total of attributed benefits provided to the individual shareholder-employee or person receiving attributed income.

For non-attributed benefits these are the annual total benefits that weren't attributed to an individual employee.

Column 10

In column 10 write the amount of tax on the FBICR in column 9. This can be calculated from the following tables:

The alternate rate fringe benefit rates from 1 April 2009 are

Fringe benefit-inclusive cash remuneration	Tax rate
$0 - $12,250	0.1429
$12,251 - $39,110	0.2658
$39,111 - $53,850	0.4925
$53,851 and above	0.6129

Non-attributed benefits

The FBT rate of 49% applies to fringe benefits that aren't attributed to an individual employee. The rate of 61% applies to major shareholder-employees.

Employers providing non-attributed benefits may be required to create two pools for benefits provided to major shareholder-employees or associates of the major shareholder-employee, and employees who aren't major shareholder-employees.

Shareholder-employees or persons receiving attributed income—remuneration unknown.

This step doesn't have to be completed for shareholder-employees or persons receiving attributed income, where their remuneration is unknown at the time of completing this return. In this column write the rate of FBT being applied to these benefits, either 49% or 61.29%. Refer to page 6 for more information on attributed income and page 8 for shareholder-employee information.

Column 11

Column 11 is the annual amount of FBT payable for attributed and non-attributed benefits.

Attributed benefits

To calculate the amount of FBT payable in a year for each employee or attributed benefits, take the total from column 10 (tax on FBICR) and subtract the total in column 3 (tax on cash remuneration).

The FBT rate applies to the combined total of all attributed fringe benefits that have been provided to a shareholder-employee or a person receiving attributed income, where their income at the time of completing this return is unknown. If the 49% rate is used, multiply your total in column 9 by 49% (print the rate in column 10), and write your total in column 11. If 61.29% is used, multiply your total in column 9 by 61.29% (print the rate in column 10), and write your total in column 11.

Non-attributed benefits

The rate of 49% applies to pooled fringe benefits not attributed to an individual employee. The 61% rate applies to non-attributed benefits where one or more of the recipients is a major shareholder-employee or an associate of a major shareholder-employee.

Calculate the FBT payable for the year by using the flat rate of 49% on the combined total of all non-attributed benefits provided during the year, and use 61% on the total non-attributed benefits received where one or more of the recipients is a major shareholder. Multiply your total in column 9 by either 49% or 61%, print the rate you've used in column 10 and the amount in column 11.

Box A

Add up column 11 and write the total in Box A.

If you're a quarterly filer Box A is your FBT payable for the year. Continue to Box B.

If you file income year returns, Box A is your FBT payable. Transfer this amount to Box 5 of your return (IR 421).

If you file annual returns, Box A is your FBT payable. Transfer this amount to Box 5 of your return (IR 422).

If full remuneration or attributed income details for shareholder-employees were unknown at the time of completing last year's annual or fourth quarter return and you used the 49% rate, transfer this amount to the remuneration adjustment worksheet available at www.ird.govt.nz **> work it out**

Box B

In Box B write the total amount of FBT assessed in quarters 1 to 3 (June, September, December).

Box C

In Box C write the difference between Box A and Box B. This amount is the fourth quarter FBT payable or refundable. Show whether a payment or refund is due by ticking the appropriate box. This is the amount to transfer to Box 6 on your FBT return. If full remuneration or attributed income details for shareholder-employees was unknown at the time of completing last year's annual or fourth quarter return and you used the 49% rate, transfer this amount to the remuneration adjustment sheet available at www.ird.govt.nz **> work it out**—see example on page 46).

Example

For the 2010 income year

Audis on Anglesey Ltd file quarterly FBT returns and have elected the full alternate-rate option in quarter 4. Fringe benefits for individual employees have been taken from the FBT calculation sheets, totalled for each quarter and entered in the column for the quarter concerned. Annual wage and salary details have been taken from payroll records and entered beside each employee's name.

The amount of FBT for all four quarters can be calculated from this information.

Employee Zac received a salary of $60,000 and taxable value of attributed fringe benefits for the year of $14,980.

Tax on $60,000 is calculated as follows:

$14,000	@	12.5%	=	$1,750
$34,000	@	21%	=	$7,140
$12,000	@	33%	=	$3,960

The tax on $60,000 is $12,850.

The net cash remuneration of $47,150 ($60,000 – $12,850) is added together with the taxable value of the attributed fringe benefits for the year to arrive at the FBICR of $62,130. Tax on this amount is calculated from the table on page 43 as follows:

$12,250	@	14.29%	=	$1,786.25
$26,859	@	26.58%	=	$7,139.12
$14,739	@	49.25%	=	$7,258.95
$8,279	@	61.29%	=	$5,074.19

The tax on $62,130 is $21,258.51.

The total FBT payable for Zac for the year is $8,408.51 ($21,258.51 – $12,850.00).

Completing your calculations for shareholder-employees or persons receiving attributed income

If you know all the details for these employees, complete your calculations using the options on pages 43 and 44.

If you've some employees where the remuneration details are unknown when you complete your return, the following options are available depending on whether you elect the 61% FBT rate or the alternate-rate calculation.

Electing the flat rate of 61%

You pay FBT of 61% on all benefits provided during the year, including those provided to shareholder-employees and those persons receiving attributed income.

Electing the alternate-rate calculation

You've two options if you elect to apply the multi-rate calculation.

Option 1

- Apply the flat rate of 61.29% to the taxable value of the attributed benefits to determine the FBT payable. This is a full and final calculation relating to attributed benefits provided to shareholder-employees, or attributed income to employees in that year.

Example

DSC Ltd has one shareholder-employee. When it was time to file the fourth quarter return this employee's remuneration details were unknown. DSC Ltd decides to use the flat rate of 61.29%, as the cash remuneration for the year is likely to exceed $70,000.

The total taxable value of the benefits provided to the shareholder-employee was $6,989.

Applying the rate of 61.29% to these benefits gives FBT payable of $$4,283.55.

DSC Ltd would include the $$4,283.55 in column 11 of the FBT alternate-rate calculation sheet.

Option 2

- Apply the flat rate of 49% to the taxable value of all attributed benefits and income to shareholder-employees or employees in the year where the remuneration details are unknown. When completing next year's return, align the FBT payable from this year with the actual remuneration received, using the alternate-rate calculation.

Example

XYZ Ltd has one person receiving attributed income. When it was time to file the fourth quarter return their remuneration details were unknown. XYZ Ltd decides to use the flat rate of 49%, and use the alternate-rate calculation next year.

Total attributed benefits provided to John Smith	$ 9,145.00
FBT paid in quarters 1 to 3	$ 4,064.92
Current year remuneration details unknown	$ –
Total FBT payable (column 11) using 49%	$ 4,481.05
FBT paid in quarters 1 to 3	$ 4,064.92
FBT to pay	$ 416.13

FBT adjustment in next year's return

John's total gross cash remuneration* for the previous year was	$55,000.00
Total FBT payable on the benefits provided in the previous year was	$ 5,353.90
Less FBT assessed in the previous year	$ 4,481.05
FBT adjustment required for current year	$ 872.85

An extra $872.85 is added to the current year's FBT to pay.

* Gross cash remuneration is remuneration received as an employee of XYZ Ltd.

Remuneration adjustment worksheet for XYZ Ltd

Remuneration adjustment sheet

1 Shareholder-employee's name	2 Last year's income (eg, wages, salary, dividends)	3 Tax on income (column 2)	4 Last year's net income (columns 2–3)	5 Attributed benefits provided last year	6 Fringe benefit including cash remuneration (columns 4+5)	7 Tax on column 6	8 FBT payable for last year (columns 7–3)	9 FBT paid for shareholder-employee in last year's return	10 Adjustment required (column 8–9). (Put any credits in brackets.)
John Smith	$ 55,000 ·	$ 13,020 · 00	$ 41,980 · 00	$ 9,145 · 00	$ 51,125 · 00	$ 18,373 90	$ 5,353 · 90	$ 4,481 · 05	$ 872 · 85
	$ ·	$ ·	$ ·	$ ·	$ ·	$ ·	$ ·	$ ·	$ ·
	$ ·	$ ·	$ ·	$ ·	$ ·	$ ·	$ ·	$ ·	$ ·
	$ ·	$ ·	$ ·	$ ·	$ ·	$ ·	$ ·	$ ·	$ ·
	$ ·	$ ·	$ ·	$ ·	$ ·	$ ·	$ ·	$ ·	$ ·
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	$ ·	$ ·	$ ·	$ ·	$ ·	$ ·	$ ·	$ ·	$ ·
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	$ ·	$ ·	$ ·	$ ·	$ ·	$ ·	$ ·	$ ·	$ ·
	$ ·	$ ·	$ ·	$ ·	$ ·	$ ·	$ ·	$ ·	$ ·

Fringe benefit tax to pay or refund

If Box D is a debit

If Box E is a refund subtract from Box D. If Box E is larger than Box D the result is an FBT refund, if Box D is larger than Box E the result is FBT to pay. Print the result in Box F.
If Box E is FBT to pay add Box D, the result is FBT to pay. Print the result in Box F.

If Box D is a credit

If Box E is FBT to pay subtract from Box D. If Box E is larger than Box D the result is FBT to pay, if Box D is larger than Box E the result is an FBT refund. Print the result in Box F.
If Box E is an FBT refund add Box D. The result is an FBT refund. Print the result in Box F.

Copy the amount in Box F to Box 6 (for quarterly returns IR 420) or Box 5 (for annual returns IR 422) benefit tax return. Don't forget to tick FBT to pay or FBT refund on your return

Print the total from column 10 here **D** $ 872 · 85

(Tick one) Debit ✓ Credit

Print the result from your FBT alternate-rate calculation sheet here **E** $ 35,991 · 76

(Tick one) FBT to pay ✓ FBT refund

Fringe benefit tax to pay or refund
See the instructions at left. **F** $ 36,864 · 61

(Tick one) FBT to pay ✓ FBT refund

Note: Columns 3 and 7 are based on the tax rates in use before 1 April 2008.

Completing a fourth quarter "short form" alternate-rate calculation

Under this option you're still required to classify benefits as either attributed or non-attributed. When completing the alternate-rate calculations for the year all attributed benefits are subject to the flat rate of 61.29% and all non-attributed benefits are subject to the flat rate of 49% (or 61% in the case of non-attributed benefits provided where one or more recipient is a major shareholder-employee). Two pools for non-attributed benefits may be necessary in this situation. This option would appeal to employers who predominantly provide attributed benefits to employees who earn more than $70,000 gross equivalent.

For this option, complete the alternate-rate calculation sheet as follows:

- In column 1 enter attributed benefits and non-attributed benefits on separate lines.
- In column 9 enter the total amount of benefits attributed or non-attributed.
- In column 10 enter the rate you're using to calculate FBT payable.
- In column 11 multiply column 9 by column 10 and enter the total.

Complete Boxes A, B and C where C is the amount of FBT to pay. Transfer this amount to your return. If full remuneration or attributed income details for shareholder-employees was unknown at the time of completing last year's annual or fourth quarter return and you used the 49% rate, transfer this amount to the remuneration adjustment worksheet available at www.ird.govt.nz **> work it out**—see example on page 46.

Example

DSC Ltd elects the short form, alternate-rate option.

Total attributed benefits (FBT rate 61.29%)	$ 8,295.00
Total non-attributed benefits (FBT rate 49%)	$ 850.00
FBT assessed in quarters 1 to 3	$ 3,637.27

None of the non-attributed benefits were provided to major shareholder-employees.

FBT payable in quarter 4

FBT on attributed or non-attributed benefits	$ 5,500.50
Less FBT assessed on quarters 1 to 3	$ 3,637.27
FBT payable in quarter 4	$ 1,863.23

FBT to pay

Send your return and payment to us by the date shown on the return. If this is a weekend or public holiday, you've until the next working day to pay.

How to make payments

You can make tax payments electronically through your bank, by cheque or at branches of Westpac.

Electronic payments are automatic payment, direct credit and online banking. Major banks offer an online tax payment service on their website which ensures that sufficient payment reference details are included with your payment. If your bank doesn't offer this service you can pay using their standard online service, but you need to ensure we have all the details for us to credit your payment to your account.

You can post us a cheque on the last day for payment and it will still be on time as long as it's postmarked with the due date. Please:

- make your cheque payable to "Inland Revenue"
- cross it "Not transferable", and
- post it with the payment slip in the envelope provided

Note: Don't send cash.

You can also make your payment by cash, eftpos or cheque at branches of Westpac. Please take your preprinted payment slip with you so that the teller has all the information to process your payment.

For more information about all payment methods, see our booklet *Making payments (IR 584)*.

Late payments

We will charge you interest if you don't make your tax payment by the due date. We will also charge you a late payment penalty if you miss a payment, but if you have a good payment history with us we may contact you before we do this.

Otherwise, we will charge an initial 1% late payment penalty on the day after the due date. We will charge a further 4% penalty if there is still an amount of unpaid tax (including penalties) seven days after the due date.

Every month the amount owing remains unpaid after the due date a further 1% incremental penalty will be charged.

Interest and late payment penalties are not charged on outstanding amounts of $100 or less.

Arrangements

If you're unable to pay your tax by the due date, please call us. We'll look at your payment options which may include an instalment arrangement, depending on your circumstances. Arrangements can be agreed upon before or after the due date for payment. However, there are greater reductions in the penalties charged if the arrangement is made before the due date.

For more help

See our booklet *Taxpayer obligations, interest and penalties (IR 240)*.

Note

The late payment penalty charges aren't tax-deductible but the interest charges are.

Similarly, interest is paid on credit balances, and these amounts are taxable income.

Payments for previous periods

If you're filing a late return and making a payment, fill in the return as usual. If you've already filed a return, and we've sent you a statement, send the tear-off payment slip on the statement with your payment.

If an amended return is filed after the due date for a period, we'll charge late payment penalties and interest on any extra FBT payable.

If you make a payment by the due date, but don't file a return with it, any extra FBT owing when you file the return will have late payment penalties and interest added to it.

Nil return

You must still send your return to us, even if it works out to be nil—no FBT to pay.

If you file quarterly returns

You won't have to file quarterly FBT returns anymore. We'll confirm this, and we'll stop sending you FBT returns.

Part 8 – GST and income tax

GST

If you're registered for both GST and FBT you may have to make an adjustment for GST in your FBT returns for any fringe benefits you've provided. For example, a company might provide an employee with a motor vehicle for private use. This benefit is subject to FBT and is a supply for GST purposes.

Calculation

Step 1 Take the total taxable value of all fringe benefits from Box 3 of your FBT return. This is the amount of the benefits, not the FBT itself.

Step 2 Subtract the value of any benefits that are exempt or zero-rated supplies for GST. The most common ones are:

- low-interest loans
- other financial services
- international travel
- contributions to employee superannuation and life insurance policies.

Step 3 Divide the result from step 2 by 9, including the cents. This is the GST to include in Box 7 of your FBT return or Box 6 if you're an annual or income year filer.

Example

Details from the 31 March 2007 FBT calculation sheet for Audis on Anglesey Ltd

Motor vehicles	$ 25,421.16
Low-interest loans	$ 248.94
Accident insurance	$ 4,500.00
Goods and services	$ 500.00
Total benefits	$ 30,670.10
Less	
Low-interest loans	$ 248.94
	$ 30,466.14

The low-interest loans are deducted because loans are exempt supplies for GST purposes.

The GST to include in Box 7 (or Box 6 if you're an annual or income year filer) of the FBT return is $30,421.16 divided by 9 = $3,380.12.

Box 5 – GST return

If an employee makes a payment directly to the employer towards a fringe benefit, this is a separate supply and is subject to GST. Include this payment as income in Box 5 of the GST return. The time of supply is the same as for any other sale by the business.

The payment is also taxable income for income tax purposes.

No such adjustment is required when the employee's contributions consist of their paying for an expense item, such as petrol. The employer can't claim the GST paid on the expense and must keep the tax invoice or receipt on the FBT file.

Example

An employee has paid $100 in cash directly to the employer. The $100 should be added to the sales in Box 5 of the GST return. The GST to pay on the $100 is $11.11.

Income tax

Some employee payments and provisions may seem to be fringe benefits but they aren't.

Entertainment

The following are specified types of entertainment for income tax purposes when provided by an employer to employees:

- corporate boxes and similar exclusive areas at sporting and recreational events
- holiday accommodation
- pleasure craft
- food and beverages.

These items qualify as fringe benefits only if:

- the employee can choose when to enjoy the benefit, or
- they are enjoyed or consumed outside of New Zealand, and
- they aren't consumed or enjoyed in the course of, or as a necessary consequence of, employment.

Remuneration

This includes normal salaries and wages and items such as travel allowances, free board and lodgings and non-taxable allowances.

Part 9 – Services you may need

How to contact us

For enquiries please call us on the following 0800 numbers. We're available from 8 am to 8 pm Monday to Friday and 9 am to 1 pm Saturday. Remember to have your IRD number handy.

Employers	0800 377 772
General business tax enquiries	0800 377 774
Overdue returns	0800 377 771
Payment options for overdue tax	0800 377 771
Refunds and tax credits*	0800 377 774

INFOexpress

INFOexpress is our automated phone service. You can request personal tax summaries and order many of our publications using our natural language speech recognition system. This lets you use your voice instead of keying in numbers on the phone keypad. For all other services you'll need to use a touch tone phone and key in numbers for options.

Remember to have your IRD number with you when you call.

It's also helpful if you know the number or name of any publications you're ordering. For personal information, such as account balances, you'll also need an INFOexpress personal identification number (PIN). You can get a PIN by calling 0800 257 777 and following the step-by-step instructions.

You can call INFOexpress for the following services between 6 am and 12 midnight, seven days a week:

- Order publications (speech recognition) 0800 257 773
- Request a personal tax summary (speech recognition) 0800 257 444
- Confirm a personal tax summary (speech recognition) 0800 257 771
- Request a taxpack 0800 257 772
- Request a summary of earnings 0800 257 778
- All other services 0800 257 777

Customer service quality monitoring

As part of our commitment to providing the best possible service to our customers, Inland Revenue records all phone calls answered in, and made by, our permanent call centres. For further information about our call recording policy and how you can access your recorded information, please go to **www.ird.govt.nz** or call us on 0800 227 774 (or 0800 377 774 if you or your partner are in business).

Business tax information officers and kaitakawaenga Māori

Business tax information officers (BTIOs) offer a free business tax information service to new businesses and organisations to help them meet their tax responsibilities. This service is available to individuals and groups.

Most of our offices also have a kaitakawaenga Māori who can advise Māori organisations and individuals on their tax responsibilities. Our BTIOs and kaitakawaenga Māori will tell you:

- which taxes you need to know about
- what records you need to keep
- how to complete your tax returns (eg, GST and employer returns)
- when to file returns and make payments.

Find out more about these services or arrange an appointment by going to **www.ird.govt.nz** or calling us on 0800 377 774.

* Formerly rebates

Tax Information Bulletin (TIB)

The TIB is our monthly publication containing detailed technical information about all tax changes. You can find it on **www.ird.govt.nz** under "Newsletters and bulletins", or subscribe to receive an electronic version.

Privacy

Meeting your tax obligations involves giving accurate information to Inland Revenue. We ask you for information so we can assess your liabilities and entitlements under the Acts we administer.

You must, by law, give us this information. Penalties may apply if you don't.

We may exchange information about you with the Ministry of Social Development, Ministry of Justice, Department of Labour, Ministry of Education, New Zealand Customs Service, Accident Compensation Corporation or their contracted agencies. Information may be provided to overseas countries with which New Zealand has an information supply agreement. Inland Revenue also has an agreement to supply information to Statistics New Zealand for statistical purposes only.

You may ask to see the personal information we hold about you by calling us on 0800 377 774. Unless we have a lawful reason for withholding the information, we'll show it to you and correct any errors.

If you've a complaint about our service

We're committed to providing you with good service. If there's a problem, we'd like to know about it and have the opportunity to fix it.

If you have a complaint, the quickest and easiest way to resolve it is usually with the staff member you've been dealing with. If you're not satisfied, ask to speak to their manager.

If you're still not satisfied, our Complaints Management Service can take a fresh look at your complaint. You can go to **www.ird.govt.nz** call us on 0800 274 138 between 8 am and 5 pm weekdays, or put your complaint in writing and send it to:

Complaints Management Service
Inland Revenue
PO Box 1072
Wellington 6140

If you disagree with how your tax has been assessed, you may need to follow a formal disputes process. For more information, read our factsheet, *If you disagree with an assessment (IR 778)*.