client alert | fbt return action checklist

March 2026

Gross-up rates

	Yes	No
Are you entitled to a GST refund on the provision of the fringe benefit? *If yes, Type 1 gross-up rate applies. If no, Type 2 gross-up rate applies.* *The gross-up rates are as follows:* ***FBT year*** — ***Type 1*** — ***Type 2*** *Ending 31 March 2025* — *2.0802* — *1.8868* *Ending 31 March 2026* — *2.0802* — *1.8868* *Fringe benefits that are reportable on an employee's payment summary are grossed-up using the Type 2 rate, regardless of the gross-up rate used in calculating the FBT payable.*		

Types of benefits

Car fringe benefits	Yes	No
Was a vehicle made available to an employee (or an employee's associate) for private use where the vehicle is owned or leased by you, an associate of yours or a third party pursuant to an agreement with you? *If yes, a car fringe benefit may arise.*		
Was the vehicle designed to carry less than one tonne or fewer than nine passengers? *If yes, a car fringe benefit may arise. If no, the fringe benefit may be a residual benefit.*		
Did the employee contribute to the running costs of the vehicle? *The value of the benefit is reduced by the employee's contribution if appropriate evidentiary documents have been maintained. Employee contributions include home charging costs up to the home charging rate (4.20 c/km for electric vehicles applying from 1 April for 2022 and for plug-in hybrids applying from 1 April 2024).*		
Was the vehicle provided a taxi, panel van, utility truck or non-passenger road vehicle designed to carry a load of less than one tonne? *If yes, an exemption from FBT may apply if the private use is limited to: travel between home and work; travel incidental to travel in the course of performing employment-related duties; or non-work-related use that is minor, infrequent and irregular.*		
Was the vehicle made available to an employee (or an employee's associate) for private use an electric car valued below the luxury car tax threshold for fuel efficient cars (ie \$91,387 for 2025–2026) and first held and used on or after 1 July 2022?		

If yes, an exemption from FBT may apply. Although the private use of an eligible EV may be exempt from FBT, the value of the benefit will need to be included when working out whether an employee has a reportable fringe benefits amount (RFBA). *From 1 April 2025 a plug-in hybrid electric vehicle will not be considered a zero or low emissions vehicle under FBT law, although the exemption may still apply under certain conditions.*		
Has an election been made to use either the statutory formula method or the operating costs method? *The statutory formula method must be used unless an election has been made to use the operating costs method. However, even if such an election has been made, the statutory formula method applies if it results in a lower taxable value.*		
Has the valuation method been switched from the previous year? *If the statutory formula method was used in the previous year and the operating costs method has been elected in this current year, has a logbook been maintained?*		

Statutory formula method	**Yes**	**No**
Have you identified car benefits? *The statutory percentage is 20% of the base value (cost price) of the car.*		
Were any non-business accessories (eg window tinting and rust-proofing) fitted to the vehicle during the FBT year? *If yes, the base value of the car is increased by the (GST-inclusive) cost price of the accessories.*		
How long has the vehicle been owned? *If it has been owned for more than four years, the cost base of the vehicle is reduced by one-third. However, this reduction does not apply to non-business accessories fitted after the acquisition of the vehicle.*		
Were there any days during the FBT year when the vehicle was unavailable for private use? *The taxable value of the car benefit is reduced by the number of days during the FBT year in which the vehicle was not used or available for private use by the employee (or the employee's associate).*		
Operating costs method	**Yes**	**No**
Was the vehicle acquired during the FBT year? *If yes, has a log book been kept for a minimum continuous period of 12 weeks?*		
What were the opening and closing odometer readings for the vehicle? *The readings must be recorded to enable total kilometres travelled for the year to be calculated.*		
Have you made a reasonable estimate of the business kilometres travelled and the business use percentage? *This must be in writing, which is normally supported by a log book.*		
Was the vehicle replaced during the FBT year? *If the vehicle was replaced, the previously established business percentage may be*		

transferred to the replacement vehicle, provided the percentage had not changed.		
Have you determined the written-down value of the vehicle as at 1 April 2025? *The deemed depreciation and deemed interest are calculated based on the written-down value of the vehicle as at 1 April 2025.*		
Have you determined the total operating costs of the vehicle for the FBT year? *Deemed depreciation, deemed interest and any home electricity charging costs must also be included in the operating costs of the vehicle.*		
Car parking fringe benefits	**Yes**	**No**
Are you a small or medium sized business employer? *An exemption from car parking fringe benefits arises for car parking provided by a small business entity (aggregated annual turnover under $10 million) and, from 1 April 2021, for car parking provided by medium sized entities (aggregated annual turnover of $10 million but less than $50 million). The car cannot be parked at a commercial car park.*		
Did you meet the costs of the car parking expenses of an employee in circumstances where: • the car is parked at or near the employee's primary place of employment; • the car is used by the employee to travel between home and work; • the car is parked for periods totalling more than four hours between 7.00 am and 7.00 pm; and • a commercial car parking station is located within one kilometre of the premises where the car is parked and the operator of the parking station charges as its lowest representative fee more than $11.03 (for the 2025–2026 FBT year) for all-day parking? *A car parking benefit potentially arises if the answer is yes.*		

Car parking fringe benefits	**Yes**	**No**
Has an election been made for calculating the number of car parking benefits: actual usage records method, statutory formula method, or 12-week register method? *If no election is made, the actual usage records method must be used.*		
Have you made an election for calculating the value of car parking benefits: commercial parking station method, market value basis, or average cost method? *The commercial parking station method will automatically apply if no election has been made.*		
Living-away-from-home allowances	**Yes**	**No**
Have you paid an allowance to an employee to compensate for additional non-deductible expenses and/or other additional disadvantages incurred because the employee's employment duties require them to live away from their normal residence?		
Does the employee maintain a home in Australia at which they usually reside or work on a fly-in, fly-out or drive-in, drive-out basis? *If yes, and provided the relevant conditions are satisfied, the taxable value of the LAFHA benefit is the value of the benefit reduced by any exempt accommodation component and any exempt food component.*		

Meal entertainment fringe benefits	**Yes**	**No**
Have you made an election to use either the 50/50 split method or the 12-week register method? *If no election is made, the taxable value is based on actual expenditure incurred.*		
If using the 12-week register method, is the register still valid? *A register is only valid for the FBT year in which the register period ends and the next four FBT years, provided that the total GST-inclusive entertainment costs do not vary by more than 20% between each FBT year.*		
Did the employee (or their associate) contribute to the provision of the benefit? *The taxable value of the benefit is reduced by any contributions.* *Note that a grossed-up cap of $5,000 per employee applies for salary packaged meal entertainment and entertainment facility leasing expense benefits for employees of public and not-for-profit hospitals, public ambulance services, public benevolent institutions and health promotion charities. In addition, all meal entertainment benefits are reportable benefits.*		
Loan fringe benefits	**Yes**	**No**
Was a loan made to an employee (or their associate) during the FBT year? *A fringe benefit may potentially exist. A “loan” includes an advance of money, the provision of credit, the payment of money on account of another if there is an obligation to repay, or any other transaction that is a loan in substance.*		
Was the interest rate charged on the loan lower than the notional FBT interest rate (8.62% for the 2025–2026 FBT year)? *The taxable value of the benefit is the amount by which the notional interest rate calculated on the loan for the year exceeds the amount of interest that has actually accrued on the loan during the year.*		
Was the interest on the loan paid at least every six months? *If interest is not paid at least every six months, a new loan equivalent to the deferred interest component will arise.*		
Did the employee use the loan for income-producing purposes, which means they would be entitled to a deduction (in their personal tax return) in respect of the interest incurred? *The taxable value of the benefit is reduced by the amount to which the employee would be entitled to a deduction, provided a declaration has been given setting out particulars of the use to which the loan was put.*		

Property fringe benefits	Yes	No
Was any property provided (free or at a discount) in respect of an employee's employment? *Property includes all tangible and intangible property. Examples of property are goods, shares and real property. The ATO considers the provision of Bitcoin to be a property fringe benefit.*		
Have employer-provided property (in-house property fringe benefits) and property provided by other sources (external property fringe benefits) been identified? *The taxable values for the former and latter are calculated differently.*		
If the benefit is an in-house property fringe benefit, has the $1,000 exemption for "in-house benefits" been considered? *The taxable value of in-house property fringe benefits may qualify for the general exemption of up to $1,000 for "in-house" benefits. However, the $1,000 reduction will not apply to an in-house benefit provided under a salary packaging arrangement.*		
Have in-house property fringe benefits accessed by way of salary packaging arrangements been identified? *If an in-house property fringe benefit is provided under a salary packaging arrangement, the taxable value of the benefit is an amount equal to the notional value of the benefit at the time it is provided. The notional value is the amount that the employee could reasonably be expected to pay under an arm's length arrangement.*		
If the benefit was an external property fringe benefit, were you dealing with the external party at arm's length? *If the property is acquired under an arm's-length transaction by the employer or an associate of the employer, the taxable value of the benefit is the cost price of the property reduced by the amount (if any) paid by the employee. This rule applies if the property is provided to the employee around the time it was acquired by the employer or associate etc.*		
Would the employee have been entitled to a once-only deduction if he or she had incurred the relevant expenditure? *The taxable value of the property fringe benefit is effectively reduced by the deductible amount (the "otherwise deductible" rule).*		
Is an employee declaration required? *The otherwise deductible rule requires an employee declaration setting out details sufficient to establish the connection between the property provided and the income-producing activities of the employee. However, if the property was provided exclusively in the course of the employee's employment, a declaration is not required.*		
Expense payment fringe benefits	**Yes**	**No**
Did you pay or reimburse an employee (or their associate) for any expenses incurred by them? *Potentially, an expense payment fringe benefit arises. Examples include electricity, gas and telephone expenses, school fees, property rates, mortgage payments, and road tolls.*		
Would the employee have been entitled to a once-only deduction if he or she had incurred the relevant expenditure? *The taxable value of the expense payment fringe benefit is effectively reduced by the deductible amount (the "otherwise deductible" rule).*		

Is an employee declaration required? *A declaration, in an approved form, setting out particulars of the expense and the extent to which expenditure would have been otherwise deductible in earning the employee's income, is required to reduce the taxable value of the expense payment fringe benefit.*		
Have exempt expense payment benefits been identified?		

Work-related items	**Yes**	**No**
Did you provide an employee with any of the following work-related items: a portable electronic device (eg a laptop computer, a mobile phone or a GPS navigation device); an item of computer software; an item of protective clothing; a briefcase; or a tool of trade? *If yes, an exemption from FBT may be available.* *A small business entity can provide more than one work-related portable electronic device to an employee and claim the FBT exemption for each device, even if the devices have substantially identical functions and are not replacement items.*		
Were the items provided primarily for use in the employee's employment? *If yes, an exemption from FBT applies.*		
Minor, infrequent and irregular benefits	**Yes**	**No**
Were there any infrequent and irregular benefits with a notional taxable value of less than $300 per benefit being provided? *A benefit with a notional taxable value of less than $300 does not automatically attract an exemption from FBT unless it is infrequent and irregular.*		

FBT rates and thresholds

	FBT year ending 31 March 2025	**FBT year ending 31 March 2026**
FBT tax rate	47%	47%
Type 1 gross-up rate (ie entitled to a GST credit for the provision of a benefit)	2.0802	2.0802
Type 2 gross-up rate (ie not entitled to a GST credit for the provision of a benefit)	1.8868	1.8868
Reportable fringe benefits threshold (ie a total gross-up value exceeding $3,773)[2]	$2,000[1]	$2,000[1]
Electric vehicle home charging rate (cents per kilometre)	4.20 cents	4.20 cents
Car parking threshold	$10.77	$11.03

	FBT year ending 31 March 2025	FBT year ending 31 March 2026
Cents per kilometre for motor vehicles (where the benefit is a residual benefit)	88 cents	88 cents
Cents per kilometre for motor vehicles other than cars: 0–2500 cc	66 cents	69 cents
Cents per kilometre for motor vehicles other than cars: over 2500 cc	77 cents	80 cents
Cents per kilometre for motor vehicles other than cars: motorcycles	19 cents	20 cents
Deemed depreciation rate (operating cost method) for car fringe benefits	25%	25%
Benchmark interest rate[3]	8.77%	8.62%
Minor and infrequent benefits threshold[4]	$300	$300
Record keeping exemption threshold	$10,334	$10,664

1. Threshold is based on the total taxable value of fringe benefits provided to an employee.
2. The actual reportable fringe benefits amount shown on a PAYG summary is always grossed-up using the Type 2 gross-up rate.
3. The benchmark interest rate is used to calculate the taxable value of a loan benefit and the deemed interest of a car fringe benefit where an employer chooses to use the operating cost method.
4. Threshold is based on the taxable value of a benefit and applies to each benefit provided during the FBT year.