

## Budget Takes Axe to Fringe Benefit Tax Exemptions

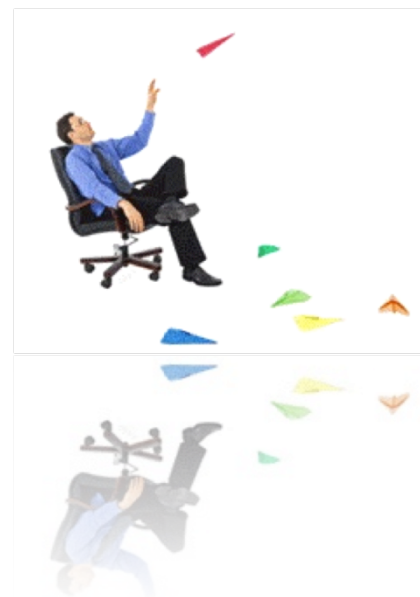
The recent budget has tightened up the rules regarding a number of FBT exemptions. The most popular of these exemptions was to allow an employee to receive a laptop computer, personal digital assistance etc., free of FBT each year. This exemption has been tightened since budget night. The new exemption is for a laptop that is used primarily for work purposes and only one laptop is available to each employee for FBT year.

For employees who have used this exemption and are claiming depreciation in their own tax return, this claim for depreciation will cease in the 2008/2009 tax year, i.e. the double deduction for a laptop is now gone.

The second area attacked by the budget is the use of meal card arrangements. This arrangement allowed employees to be provided with a specialised credit card to purchase meals out of that employee's pre-tax income. Employees with cards that have an unused balance on them to spend, have until 31 March 2009 to use that balance without any FBT effect.

This change has not affected the provision of a subsidised canteen by an employer to all of its employees.

The third FBT exemption was to allow one party to salary sacrifice costs of a jointly owned asset. It was usually used where one half of a couple had high income and used all the expenses of a rental property against their income. The other party to the arrangement had income but no expenses and also a low tax rate. This arrangement is outlawed as from budget night. Employees with an arrangement in place can continue that arrangement until 31 March 2009.



**Should you wish to discuss the implication of these FBT changes or your salary packaging, please call Sid Edwards, Senior Partner, at Abby Practice on 9476 0399.**