Inland Revenue
Te Tari Taake

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Fringe benefit tax guide

A guide to working with FBT

Introduction

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

If, after reading this guide, you have 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.

Audis on Anglesey Ltd has been operating for 15 years and has two shareholders, Allan and Karyn. The principal 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 Mark, James and Flynn (mechanics), and Sarah (car groomer).

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

Contents

Part 1 - Fringe benefits overview

Registering for FBT

You need to register for fringe benefit tax (FBT) when you start providing a fringe benefit. You can do this when you first register as an employer in myIR, or later if you decide to start providing employees a fringe benefit.

If you provide fringe benefits but are not registered yet, you need to back date your registration to when you first provided a fringe benefit.

You may need to file returns for earlier periods and make any outstanding payments. You can register on myIR, or call us to find out more.

You can file your FBT return online in myIR or send us a paper return.

If you file online:

- your personal details are already complete and other information is tailored to your situation so you only complete sections relevant to you
- the system will do most of the calculations for you, making it easier and more accurate
- you get a confirmation receipt as soon as we receive your return
- you can amend the return after you've sent to us.

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 sickness, 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.

Cash benefits

Cash benefits are treated as normal salary and wages, taxable in the employee's hands, and are not subject to FBT. Usually, you must deduct some form of tax (for example, 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 the same 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 is not 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 is not 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:

- within two degrees of blood relationship or one person is within two degrees of blood relationship to the other person's spouse, civil union partner, or de facto partner*
- marriage, civil union or de facto relationship
- business partnership, or
- shareholding interest.

The association rules are complex, therefore it's important you seek professional advice if you think there's any possibility of an association applying to you.

* For example, one degree is your parent or child, and two degrees is your grandparent, grandchild or sibling.

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 31 for information on attributed benefits.

Attributed income

Attributed income is income for services provided by a person that is paid to an associated entity such as a trust or company. Although it is paid to the associated entity, under the attribution rule the net income (income after expenses) of the entity is treated as gross income of the person who provided the services.

The definition of cash remuneration for FBT purposes includes any amount of income attributed under the attribution rule.

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 rule for attributed income does not 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.

Non-major shareholder-employee

Cash remuneration covers the items in the list above but, it does not 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 includes all the items applying to non-major shareholders, plus interest and dividends received from the employer or related employer.

Employers and employees

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

Employers

Anyone who pays or is liable to pay salaries, wages, lump sums or schedular payments. 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.

For FBT purposes it excludes an employer who only pays or is liable to pay:

- ACC payments
- payments to a working partner or owner
- a main benefit
- veteran's pension or NZ Superannuation
- Education and Training Act grant
- parental leave or preterm baby payment
- non-resident contractor, personal service rehabilitation or voluntary schedular payments.

Employees

Anyone who receives or is entitled to receive salary, wages, lump sums or schedular payments. For FBT purposes, the definition also includes:

- most shareholder-employees
- associated persons (such as an employee's husband, wife or child)
- past earners
- future earners.

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

For FBT purposes it excludes:

- shareholders who are only formally occupying a role as non-executive directors or company secretaries
- partners who receive a salary from their partnership
- an employee who only receives or is liable to receive:
  - ACC payments
  - payments to a working partner or owner
  - a main benefit
  - veteran's pension or NZ Superannuation
  - education and Training Act grant
  - parental leave or preterm baby payment
  - non-resident contractor, personal service rehabilitation or voluntary schedular payments.

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.

Quarterly FBT return filers

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

- 63.93% single rate, or
- 49.25% alternate rate.

If you elected and paid FBT using the alternate rate 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 using the single rate in quarters 1 to 3, you've the option of using either the single rate 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 63.93%, or
- the alternate rate calculation process.

Alternate rate calculation process

Two options are available when calculating FBT using this process.

1. **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 49.25% (or 63.93% in the case of benefits provided to major shareholder-employees)

2. **Short form alternate rate**

Under this option, a flat rate of 63.93% is applied to all attributed benefits. Non-attributed benefits are pooled and taxed at 49.25% (or 63.93% in the case of benefits provided to major shareholder-employees).

When deciding what rate to use you should consider your situation - see page 27.

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 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 do not 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 18
- employer contributions to superannuation, where ESCT (employer superannuation contribution tax) does not 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 22
- benefits that cannot be attributed to particular employees (for example, pooled vehicles)
- benefits provided to ex-employees
- contributions to a sickness, accident or death fund of less than $1,000 per employee per year
- any other benefit with a taxable value of less than $2,000 per employee per year.

Pooled benefits

A pooled benefit is a non-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 has not been deducted, may not be available because this information is aligned with the income tax filing process.

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.

FBT return forms

There are three types of FBT returns: quarterly (IR420), income year (IR421) and annual (IR422).

You can file your FBT return online in myIR or send us a paper return. If you choose to paper file, we'll automatically send you a return before the due date for filing. If you do not receive your return, call us on 0800 377 772. However, it's still your responsibility to file a return by the due date.

Fringe benefit tax quarterly return - IR420

You are required to file FBT returns quarterly unless you 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
1	1 April to 30 June	20 July
2	1 July to 30 September	20 October
3	1 October to 31 December	20 January
4	1 January to 31 March	31 May

Fringe benefit tax income year return - IR421

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 deductions for the previous year are no more than $1,000,000, or
- you only provide motor vehicles for private use to shareholder-employees and that benefit is limited to two vehicles, or
- you were not an employer in the previous year.

Fringe benefit tax annual return - IR422

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 deductions for the previous year are no more than $1,000,000 or you did not employ any employees in the previous year.

Note

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

- via myIR, or
- call us on 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 cannot 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 2022, you must make an election by 30 June 2021.

New employers must elect by the last day of the first quarter after starting to employ. For example, if you start employing on 31 October 2021, you have to make an election by 31 December 2021 to be able to file a first annual return to 31 March 2022.

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 September balance date would have to elect by 31 December 2021 to file a return for the year ending 30 September 2022.

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 2021. The company must make an election by 30 September 2021 to file its first income year return for the year ending 30 June 2022.

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 have started, or starting to provide fringe benefits - and have not registered. You can register on myIR

From your myIR homepage, in the 'I want to - More' section under 'Registration, application and enrolment', select 'Register for new tax accounts'.

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 IR420, or
- Via myIR, 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 30.

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 you must file returns until the total loan is repaid.

Note

The fringe benefit tax election will tell us:

- the filing frequency you want to start using, or
- that you are changing what benefits you provide employees and do not need to file fringe benefit tax returns any more.

Deregistering a charity

A charity that is deregistered will no longer be eligible for the FBT exemption. FBT rules will apply from the date of deregistration.

A charity that has wound up voluntarily will lose their FBT exemption from the date it's removed from the charities register and FBT will be applicable for the return period from this date.

A charity that did not comply with their constitution will lose their FBT exemption from the date of non-compliance and FBT will be applicable from the return period from this date.

Part 3 - Motor vehicles

In this part we explain when a motor vehicle fringe benefit arises. 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.

You have to pay fringe benefit tax (FBT) if your business makes a vehicle available for employees, their associated persons and shareholder employees to use privately – even if they do not actually use it.

For a fringe benefit to arise the person who makes the vehicle available to the employee does not have to be the employer. The person can be someone who:

- 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.

Sole traders and partners in a partnership do not pay FBT on business vehicles they use privately.

Instead, they make income tax and GST adjustments for private use.

As a sole trader or partner in a partnership you would use a logbook to keep track of your 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

From the 2017-18 income year onwards, a close company can make an election to apply the rules for determining motor vehicle expenditure rather than FBT. To qualify, a close company must:

- have only one or two motor vehicles made available for the private use of shareholder-employees, and
- provide no other fringe benefits to any employees.

To find out more about the rules for motor vehicle expenditure and how to make adjustments for private use go to **ird.govt.nz/fbt**

You can make an election by including a note that the company is opting out of the FBT rules with your income tax return covering the year for the year the motor vehicle is:

- acquired, or
- first used for business use.

An election is only valid if it is provided by the due date for filing the income tax return. Once the election is made you cannot return to using the FBT rules for that vehicle unless the vehicle is disposed of or the close company stops using the vehicle for business use.

As a general rule, as long as you have made 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.

Exemptions from FBT on work-related vehicles

An FBT liability will not arise on any day where a vehicle provided to an employee is classified as a work-related vehicle.

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 vehicle must be a motor vehicle, which is defined as:
   - a vehicle drawn or propelled by mechanical power, including a trailer, and
   - does not include vehicles with a gross laden weight of more than 3,500kg.
2. Business identification regularly used by the employer (or owner, if vehicle is rented) must be permanently and prominently displayed on the exterior of the vehicle. This may include a name, logo acronym or other business identification. Magnetic or removable signs are not 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 exclusive design of the vehicle must be to carry goods, or goods and passengers equally. If the vehicle is designed mainly to carry passengers, it will not meet this requirement.

   Vehicles that may qualify:
   - 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 four-wheel 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 does not apply to taxis).
4. You must notify employees in writing that the vehicle is not available for private use, except for:
   - travel between home and work that is necessary in (and a condition of) their employment
   - travel incidental to business travel (for example, passing by the bank on the way home from work).

You must give employees a separate letter explaining this restriction rather than mentioning it in their employment contract.

An example of a letter you could give your employees is on the following page.

Note

If a vehicle above the gross laden weight is provided to an employee for private use this may need to be treated as an unclassified benefit. You should regularly check logbooks, petrol receipts etc to make sure employees are using the vehicle appropriately.

You should also keep a record of these checks.

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 is not available for private use.

1 January 20XX

Audis on Anglesey Ltd
563 Goodyear Street
WELLINGTON

Vehicle private use restriction

Dear James

As you know you've been provided with the Audi A4 station-wagon, registration number CFK917, as required in your role with us. However, this vehicle is for business use and is not 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. We will also conduct checks at least once a quarter to ensure that you're observing this restriction.

Thank you for your co-operation.

Allan

Partial exemption

If a vehicle meets the four conditions listed, it will be a work-related vehicle. However, if you decide to allow some private use on certain days, such as Saturdays, Sundays and statutory holidays, you can have a partial exemption. This means the vehicle is not a work-related vehicle on those days and you would 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.

Emergency calls

If an employee uses a vehicle to attend an emergency call, FBT will not apply for that whole day when the employee travels from their home, and in the course of their employment provides:

- essential services relating to the operation of your plant or machinery, or the plant or machinery of your client or customer
- essential services relating to the maintenance of services provided by a local authority or a public authority
- essential services relating to the carrying on of a business for the supply of energy or fuel to the public
- emergency services relating to the health or safety of any person
- the services must be requested by a member of the public, the employer, their client or customer.

The visit must take place between 6pm and 6am during the work week, or at any time on a Saturday, Sunday or statutory public holiday. There are no time restrictions in the case of health or safety of a person.

Business travel

An exemption from FBT may apply when an employee is required to travel on a regular basis with a vehicle, and the following conditions are met:

- The length of the trip is more than 24 hours.
- Use of the vehicle is required for the employee to perform their duties.
- The employee must be absent from home with the vehicle for the exemption to apply.

Example

Mark has an Audi A4 station-wagon that is available for unlimited private use. Mark regularly travels outside of Wellington to perform specialist repairs on clients' vehicles. He is often away from home overnight when visiting multiple clients or making difficult repairs. Days where Mark is absent from home with the vehicle for more than 24 hours while working, will qualify for a business travel exemption.

Vehicles parked at airport carparks

If an employee parks a vehicle at an airport while they travel by plane to another destination, the business travel exemption will not apply, as the employee is not "with" the vehicle. Whether any FBT is payable will depend on whether you have made the vehicle available for private use.

The day of departure and the day of return will be subject to FBT unless the employee has been restricted from using the vehicle for private travel.

Any days between the employee's departure and return will be exempt from FBT, as you have removed the employee's access to the vehicle by requiring them to fly on business.

Records

You must keep adequate records to support the exemptions claimed.

Other days not liable

From time to time vehicles will be unavailable to the employee. For example, 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. 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 a 24-hour period

You can elect the start time for an FBT day to reflect your business needs.

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

If you elect a start time other than midnight you'll 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 you if you occasionally allow employees to take vehicles home overnight.

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

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

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

Three-month test period

Using a three-month test period means that instead of recording every 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 15.

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	1 April of the year the test is in
income year	any three consecutive months in the income year	first day of the income year the test is in

The test period must fairly represent when you expect the vehicle will be available for private use by your employee over the three-year 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 is not representative of the exempt days, we may reject it. You'll then have to run another test period.

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 vehicle exemption on other days. Audis on Anglesey decided to run a test period in the September quarter. In that quarter Flynn had six callouts that qualified for the emergency call exemption. Flynn also had to spend a weekend out of town for a conference (leaving on Friday and returning on Monday). This travel qualified for the business travel exemption. 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 that qualified for the emergency call exemption	6
Number of callouts on weeknights	3
Business travel that qualified for the business travel exemption	2

The number of days the vehicle was made available for private use (subject to FBT) in this test period was 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 were disregarded as those days were already exempt.

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

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.

Motor vehicle valuation methods

You have two options for valuing motor vehicles. FBT can be calculated on either the cost price or the tax value.

Both FBT valuation methods may be calculated on a GST-inclusive or GST-exclusive basis.

Cost price

The cost price of a motor vehicle includes any initial costs of getting the vehicle on the road.

In addition to the purchase price of the vehicle, the cost price includes:

- initial registration costs and licence plate fees
- any extras fitted, such as a CD player, a sunroof or towbar
- any initial transportation costs for the vehicle, such as freight and customs duty.

This does not include items such as financing the purchase of the vehicle or annual re-licencing fees. Any trade-in value should not be subtracted from the cost price.

The table below shows the FBT valuation rates when using cost price.

Return filing	GST-inclusive cost price	GST-exclusive cost price
Annual or income year	20%	23%
Quarterly	5%	5.75%

Tax value

The motor vehicle's tax value is:

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

The table below shows the FBT valuation rates when using the tax value.

Return filing	GST-inclusive tax value	GST-exclusive tax value
Annual or income year	36%	41.40%
Quarterly	9%	10.35%

A minimum tax value of $8,333 applies to this option, meaning that once the tax value of the vehicle falls below $8,333, the taxable value of the vehicle must be calculated on $8,333. This is to reflect the on-going benefit the employee receives by the vehicle being made available for private use, even when the vehicle has depreciated significantly.

Once an employer has chosen between the cost price and tax value options in the first FBT return for the vehicle, they must continue to use their chosen option until at least the earliest of the following:

- the date the vehicle is sold
- the date the vehicle ceases to be leased, or
- the date when five years has elapsed from the start of the period of the first return.

Motor vehicle cost price or tax value?

If you provide motor vehicles for private use, choose the option (cost price or tax value) that benefits you most. The tax value method costs more in the initial years when compared to the FBT payable under the cost price option. However, the tax value method is of benefit if you intend to retain your motor vehicles for longer than five years.

Leased vehicles

If you lease a vehicle from any person, whether associated or not, you can calculate FBT on either the cost price or tax value.

If you're unsure of the cost price or tax 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 was not previously leased by an associated person, and
- you're not associated with the lessor or owner of the vehicle, and
- your employee is not the lessor or owner of the vehicle, and
- your employee is not associated with the lessor or owner of the vehicle.

Vehicle acquired at no cost or less than market value

If you received a vehicle at no cost, or for less than market value, or at a cost that cannot be determined from an associated person, the 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 price that would normally be paid for the motor vehicle in the open market at the time the employee receives the fringe benefit. You must have records to support the market value used.

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 the...
employee uses mainly one vehicle	value of that vehicle
employee does not mainly use the same vehicle, and the employer's business is not selling cars	highest value of any of the vehicles in the pool
employee does not mainly use the same vehicle, the employer's business is selling cars, and the vehicles in the pool are trading stock	average value of all the vehicles in the pool

Note

The number of days cannot be more than 90. If the quarter has more than 90 days, such as the 92 days of the September quarter, the most Y can be is still 90.

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 vehicles are available for private use for 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 value option

Audis on Anglesey Ltd own the vehicles (no longer trading stock) and no employees use a particular vehicle. However, all employees used the highest value vehicle at least once during the year. They calculate FBT using the tax value option based on the tax values of $9,000, $13,000, $18,000 and $26,000:

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

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

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, or 5.75% of the GST-exclusive cost price of the motor vehicle owned or leased by the employer, or

(ii) 9% of the GST-inclusive, or 10.35% of the GST-exclusive tax value of the motor vehicle.

*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 value options.

	Cost price		Tax value	
Employee	**Cost price**	**× 5% = taxable value**	**Tax value**	**× 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 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 value has been calculated using depreciation at 36% for a 12-month period.

Annual and income year returns

If you file annual returns, calculate the value of the benefit for the year by adding the sum of the amounts calculated using the quarterly formula for each of the four quarters in the applicable year.

If you file 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, or 23% of the GST-exclusive cost price of the motor vehicle, or

(ii) 36% of the GST-inclusive, or 41.40% of the GST-exclusive tax value of the motor vehicle.

Example

Cost price

Audis on Anglesey Ltd completed its income year return and Allan had 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 price $132,900 × 20% = $26,580 (Z)

The taxable value of the fringe benefit is:

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

Example

Tax value

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

365 days – 75 days = 290 (Y)
Tax value $85,056 × 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.

If the employee makes a full contribution to the fringe benefit the taxable value of the benefit is nil so there is no FBT liability, but the employer still needs to include the nil fringe benefit value in the FBT return.

Employees paying for fuel

If the employee pays for some of the fuel, they must give you a receipt for each contribution. The receipt or tax invoice must meet the normal receipt requirements and include the vehicle's registration number. You cannot 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 you, 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:

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

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, cannot be deducted.

FBT taxable value calculation sheet - quarterly - IR427

1 Employee's name or "pooled" — if pooled vehicles	2 Make, model, year of manufacture and registration number	3 [1] Original cost price (whether owned or leased)	4 [1] Tax book value (owned or leased)	5 No of days available for private use	6 [†] Value of fringe benefit	7 Recipient's contributions	8 Taxable value (6 minus 7)
		$	$		$	$	$
		$	$		$	$	$
		$	$		$	$	$
		$	$		$	$	$
		$	$		$	$	$
		$	$		$	$	$
		$	$		$	$	$
		$	$		$	$	$
		$	$		$	$	$
		$	$		$	$	$

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

[1] **Note**
You can calculate the fringe benefit value of motor vehicles based on either the vehicle's tax value or its cost price. Having made your choice between the cost price and tax book value options, you must continue to use your chosen option until either:

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

Cost price (Box 3) × $\frac{\text{days (Box 5)}}{90}$ × 5%*

Tax book value (Box 4) × $\frac{\text{days (Box 5)}}{90}$ × 9%**

* If vehicle cost excludes GST: 5.75% for quarters ending after 01/10/2010

** If vehicle book value excludes GST: 10.35% for quarters ending after 01/10/2010

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

Total motor vehicle taxable value from Box A above	**A**	$
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**	$

Motor vehicles

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.

Column 4

Write the tax value of the vehicle, whether owned or leased.

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 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 enter the total in 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 made 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 do not 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 is not 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.

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, that is, Saturdays, Sundays or statutory holidays. They cannot, for example, be any two days per week, as this would mean the vehicle is available on any day, and full FBT would apply.

Emergency call exemption

For any emergency call exemption claims, you should record and keep:

- the purpose of the call
- details of the services provided
- when the service was performed, for example, duration, time employee left and returned home, why the services had to be performed at that time
- customer/client details
- details of the employee and vehicle.

Business travel exemption

For any business travel claims, you should record and keep:

- the purpose of the travel
- proof that the travel was for longer than 24 hours
- number of days that qualified for the exemption
- details of the employee and the vehicle.

Part 4 - Free, subsidised or discounted goods and services

This part explains how to deal with free, subsidised or discounted goods and services. It also explains how entertainment expenses fit in with the FBT rules.

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

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 do not 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 you, this is a fringe benefit. The cost to you is usually the price paid to purchase those goods.

However, if you manufactured, produced or processed the goods, the cost is the lowest price at which identical goods are sold by you 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.

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 $200 or less and is on "special" to the public and sold at discount to an employee at the normal staff discount rate, it is not 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 $200 or less, and
- the discount is the usual staff discount, and the staff discount is not more than 5% of the sale price to the public.

If these conditions are met, the goods are not 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 would not apply.

Benefits from undertaking hazard management initiatives such as protective clothing or health checks will not 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 at Work Act 2015. It does not 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 were not 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, will not be liable for FBT if:

- the discount offered is no more than that offered to comparably sized groups, and
- the 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.

If you pay for an employee's partner and/or family to visit them at their temporary workplace, it may be exempt from FBT. 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 if they 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

Income tax may apply to some entertainment goods and services that may be considered fringe benefits - see Part 8.

Exemptions for goods and 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 is not 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 is not deducted first.

Example

Quarterly return	**Employees**	
Benefits	**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.

Charitable organisations' exemption

Generally, charities are exempt from paying FBT on benefits provided to employees while they are carrying out the organisation's charitable activities - see our **Charitable and donee organisations - IR255** guide. This exemption does not apply to any short-term charge facilities (including vouchers) provided to employees, if the value of the facility exceeds the lesser of 5% of the employee's salary or wages in a tax year, or the general exemption. A short-term charge facility is an arrangement that enables an employee to get goods and services that have no connection to the charitable organisation or its operations, where the organisation is liable for part or all of the payment for those goods and services.

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 per employee is needed as follows:

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

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 do not 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 49.25% or 63.93% depending on the circumstances.

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 also have to ensure at the end of the year the total annual benefits provided to each employee are less than $2,000. If an employee's total benefits exceed the threshold, the benefits 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 × 25% = $2,500 less $1,000 employee contribution.

Subsidised transport is a separate category of fringe benefit. It does not have to be attributed to individual employees if all employees have the same or similar entitlement. However, if this is not 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 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, at the end of the year you'll have to ensure the total annual benefits provided for each employee are less than $1,000. If an employee's total benefits exceed the threshold, the benefits 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

If you provide employees with carparks they are not subject to FBT if the carpark is on your premises. This exemption extends to leasing carparks for your employees, provided they have an exclusive right to occupy the property.

Frequent flyer and membership reward schemes

Benefits will not be subject to FBT where employees join the scheme for their own use. FBT may apply if you enter into an arrangement with the promoter of the scheme to benefit employees.

FBT taxable value calculation sheet - quarterly - IR427

Quarter 4

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

Attributed benefits

The need to attribute benefits only applies if you have 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 [3] Value of fringe benefit	4 Recipient's contributions	5 Total benefit (3 minus 4)	6 [6] Exemption (if claimed)	7 Taxable value (5 minus 6)
		$	$	$	$	$
		$	$	$	$	$
		$	$	$	$	$
		$	$	$	$	$
		$	$	$	$	$
		$	$	$	$	$
		$	$	$	$	$
		$	$	$	$	$
		$	$	$	$	$
		$	$	$	$	$

[6] **Exemption:** There is a $300 exemption per employee per quarter, providing the value of the individual employee's total benefit does not exceed $300 and the value of all employees total benefits, in this quarter and the three previous quarters, does not exceed $22,500. If the value of benefits provided for each employee, or the total in Box 1, exceeds these amounts, you cannot claim an exemption. FBT is payable on the total value of the benefits provided.

1 $ Total taxable value **2** $

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** $

Amount from Box 1 of the quarter before the Box 3 quarter **4** $

Amount from Box 1 of the quarter before the Box 4 quarter **5** $

Total value. Add Boxes 1, 3, 4 and 5 **6** $

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** $

[3] Value of fringe benefit is:
- goods – the cost to the employer, or if manufactured, the lowest market value (GST-inclusive)
- services – the cost to the employer, or if supplied, the 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 write the amount in Box 2.

Box 3

Write the amount of total benefits from Box 1 of the previous quarter.

Box 4

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

Box 5

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

Box 6

Work out the total value of taxable benefits provided in the current quarter and the three preceding ones by adding Boxes 1, 3, 4 and 5.

If the total benefits of the current quarter and the three preceding quarters exceed $22,500, exemptions cannot be claimed for benefits provided in the current quarter.

Box B

Copy 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 have 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 Value of fringe benefit*	4 Employee contributions	5 Taxable value (3 minus 4)
		$.	$.	$.
		$.	$.	$.
		$.	$.	$.
		$.	$.	$.
		$.	$.	$.
			Total taxable value. Copy this amount to Box C on page 1 **C**	$.

Special rules also apply — see the **IR409 - FBT Guide** for more details.

*Value of fringe benefit
If provided by the employer:
- 25% of maximum fare the employer charges to the public.

If provided by a third party under arrangement with the employer, the greater of:
- 25% of maximum fare the employer charges to the public
- 25% of maximum fare charged to the public if the third person and employer are part of a group of companies
- cost to the employer.

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 write the amount in Box C.

Copy 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 must list them all separately in your FBT taxable value calculation sheet.

The records must show 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 is not 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.

Prescribed rate of interest

The prescribed rate of interest is a standard rate set by regulation under the Income Tax Act 2007 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.

For the current prescribed interest rates go to **ird.govt.nz/fbt-pir**

Market rate

Banks, financial institutions or employers in a group of companies that has a member which is in the business of lending money to the public, may choose to calculate the interest on a loan based on the market rate. All other employers must calculate interest using the prescribed rate.

"Market" interest is calculated at the rate that would apply to an employee belonging to a group when either:

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

or alternatively

- the rate is the lowest rate given around the same time by the employer, in the ordinary course of business, to customers with a similar profile to the employee during the quarter in which the loan is provided, or during the preceding quarter if the rate for the loan quarter cannot be calculated.

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 is available to the general public, and you give the same credit to an employee, it is not 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 would not be subject to FBT as the finance is available to the general public.

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

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 will not incur an FBT liability, provided the combined amount outstanding for an employee does not exceed $2,000. The loan provided to the employee must not form part of an employment package.

This exemption does not apply to loans which have been secured against real property, such as a mortgage.

Employee share loans

For an employee share loan to be exempt from FBT it must meet the following criteria:

- The sole purpose and use of the loan, for the period the loan is outstanding, is to enable the employee to acquire shares, rights or options in their employer's company or in a company that is associated with their employer.
- 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 agreement 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 is not a qualifying company.
- The employer and employee are not associated persons.
- The company issuing the shares, rights or options maintains a dividend paying policy for the period of the loan.

Share purchase scheme loans

A loan provided to an employee under a share purchase scheme is exempt from FBT.

An employer is allowed a deduction for interest in relation to a loan made to an employee under a share purchase scheme, provided they have Inland Revenue's approval. For approval they must meet the following criteria:

- The shares must be available for no more than their market value at the date of purchase or subscription and an employee can only spend $2,340 in a three-year period on buying shares under the scheme or any similar scheme.
- Directors and any person owning at least 10% of the company are prohibited from participation.
- Employees must be eligible to participate equally in the scheme.
- The minimum period of employment or service before employees are eligible to participate is no more than three years' full-time work for full-time employees, and for other employees an accumulated period that is the equivalent of three years' full-time work.
- A loan to an employee to buy shares:
  - is to be free of interest and other charges, and
  - be of a minimum amount of $624 or less.
- Employees must be able to repay the loan:
  - by regular equal instalments of one month or less, and
  - over a period of between three and five years from the date of the loan, and
  - be able to choose to repay some or all of the loan before the due date for repayment.
- The trustee of the scheme must hold the shares in trust for the employee until the loan is repaid and pay any dividends direct to the employee which must be treated as having been derived by the employee.
- The trustee is prohibited from applying the amount of any dividend to the repayment of a sum owing to the company or to the trustee and the employee is prohibited from charging or disposing of their rights or interests in the shares.
- A trustee may vary the terms of the repayment of a loan under the scheme or allow the employee, if they agree, to withdraw from the scheme as if they had ended their employment. The trustee must be satisfied that the employee's continued participation in the scheme has resulted or would result in serious hardship.
- An employee can withdraw from the scheme on giving three months' notice to the trustee. The employee is to be treated, for the purposes of the scheme, as if they ended their employment with the company on the date the notice takes effect.

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 amend filed returns. Late payment penalties, interest or shortfall penalties may be imposed on any extra FBT owing.

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 is not 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 was 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 rate of interest on the loan given to the policy holder is exactly the same as that on loans available to the general public, there's no liability for FBT.

Note

Under the alternate rate option, loans by life insurers to life insurance policy holders are classified as pooled fringe benefits and are taxed at 49.25%.

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 30 September 2020)

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 × 6.13%) × ($12,000 ÷ 365)	$ 92.70
(46 × 6.13%) × ($11,600 ÷ 365)	$ 89.61
Total prescribed rate of interest	$ 182.31
Write this amount in column 8 of the calculation sheet	$ 182.31

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
Prescribed rate of interest	
(46 × 2%) × ($12,000 ÷ 365)	$ 30.25
(46 × 2%) × ($11,600 ÷ 365)	$ 29.24
Total prescribed rate of interest	$ 59.49
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 alternate rate option employment related loans provided by life insurers to their policy holding employees, do not 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.

FBT taxable value calculation sheet - quarterly - IR427

Quarter 4

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 minus 9) or (8 minus 9)	11 Loan balance at end of period
					$		$	$	$	$
					$		$	$	$	$
					$		$	$	$	$
					$		$	$	$	$

* 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** $

Low interest loans

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 2010, write "2010" in column 2.

Column 3

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

Column 4

Write the interest rate for the loan agreement.

Column 5

Write the market rate, if applicable.

Column 6

Write the interest at market rate, if applicable.

Column 7

Check **ird.govt.nz** for the current rate.

Column 8

Write the amount of interest for the period using the prescribed interest rate in column 7.

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

Add up the amounts in column 10 and enter the total in Box D. This is the total taxable value of all low-interest loans.

Copy 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 do not 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 is not 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:

- sickness, 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) does not apply.

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 are not specified superannuation contributions.

If you're not sure if ESCT applies to your superannuation scheme, call your scheme provider, or call 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 does not 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, for example, keymen insurance, the payments are not subject to FBT or 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.

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 49.25% or 63.93% depending on the circumstances.

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 have to ensure at the end of the year the total annual benefits provided for each employee are less than $1,000. If an employee's total benefits exceed this threshold you must attribute the benefits to them.

FBT taxable value calculation sheet - quarterly - IR427

Quarter 4

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 Inland Revenue

  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 (employer superannuation contribution tax) does not apply.

  Category 4 – Funeral trusts

Attributed benefits

The need to attribute benefits only applies if you have 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:		$
		$
		$
		$
Category 3:		$
		$
		$
		$
Category 4:		$
		$
		$
		$
	Total taxable value. Copy this amount to Box E on page 1 — E	$

Contributions to schemes

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 the amounts in 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.

Copy 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 Financial Markets Authority 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 sickness, 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 each life, pension, funeral, personal accident and sickness insurance policy:

- 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.

Part 7 - Completing FBT returns

The following information uses the current FBT rates that apply from 1 April 2021 and the 2021-22 tax year.

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

- quarters 1 to 3 returns
- fourth quarter, annual and income year returns.

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 alternate rate of 49.25% or at the single rate of 63.93%.
- If you choose the alternate rate in any one of quarters 1 to 3 you must complete either the "full" alternate rate calculation or the "short form" option in the fourth quarter (1 January to 31 March). The short form option applies the flat rate of 63.93% to all attributed benefits and 49.25% (or 63.93% for major shareholder-employees) to all non-attributed benefits.
- If you choose the single rate in the first three quarters, you can either complete the alternate rate calculation in the fourth quarter or pay FBT at 63.93%

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)
- the amount your employees earn annually (consider using the single rate or the short form alternate rate for employees who earn over $180,000; or the full alternate rate calculation for employees who earn less than $180,000).

Completing FBT quarterly return - IR420 for quarters 1 to 3

The return periods for quarters 1 to 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

Copy the total from the FBT taxable value calculation sheet to your return. If you have not 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. There are two options:

1. Pay FBT at 63.93% of the taxable value of the benefits provided. If you choose this rate in all four quarters, you will not 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 49.25% of the taxable value of the benefits provided. In the fourth quarter you'll be required to do an alternate rate calculation or the short form option.

Note

The alternate rate calculation is only an option for final quarters (where the employer has stopped employing staff) and quarter 4 (1 January to 31 March).

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.

Steps 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. Multiply the result from step 2 by 3 and divide by 23. 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".

Motor vehicles

1 Employee's name or "pooled" - if pooled vehicles	2 Make, model, year of manufacture and registration number		3 [1] Original cost price (whether owned or leased)	4 [1] 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 minus 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

[1] **Note**
You can calculate the fringe benefit value of motor vehicles based on either the vehicle's tax value or its cost price. Having made your choice between the cost price and tax value options, you must continue to use your chosen option until either:
- the vehicle is sold
- the vehicle ceases to be leased, or
- a period of five years has elapsed.

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

* If vehicle cost excludes GST:
5.625% for quarters ending up to and including 30/09/2010
5.75% for quarters ending after 01/10/2010

** If vehicle book value excludes GST:
10.125% for quarters ending up to and including 30/09/2010
10.35% for quarters ending after 01/10/2010

† The minimum value of $8,333 must be used to calculate the taxable value once the vehicle's tax 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**	$ 118.95
Total insurance and superannuation taxable value from Box E on page 4	**E**	$ 4,500.00
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**	$ 30,540.11

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

Attributed benefits
The need to attribute benefits only applies if you have 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 minus 4)	6 Exemption (if claimed)	7 Taxable value (5 minus 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 is a $300 exemption per employee per quarter, providing the value of the individual employee's total benefit does not 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).

Subsidised transport

Attributed benefits
The need to attribute benefits only applies if you have 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 minus 4)
		$	$	$
		$	$	$
		$	$	$

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

(!) Special rules also apply - see the *FBT guide (IR409)* for more details. You can get this from **ird.govt.nz** or by calling our self-service line on 0800 257 773.

Low-interest loans

1 Employee's name	2 Year loan was granted	3 Is rate reviewable? Yes	3 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 minus 9) or (8 minus 9)	11 Loan balance at end of period
Sarah	2010		✓	2%	–	$ –	6%	$ 178.44	$ 59.49	$ 118.95	$ 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** $ 118.95

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 Inland Revenue
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 (employer superannuation contribution tax) does not apply.
Category 4 - Funeral trusts

Attributed benefits
The need to attribute benefits only applies if you have 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

Inland Revenue
Te Tari Taake

IR420
February 2021

Fringe benefit tax quarterly return

Income Tax Act 2007

Audis on Anglesey Limited
563 Goodyear Street
Wellington

IRD number **1** 999-999-999

Quarter ended **2** 31 March 2019

This return and any payment are due **31 May 2019**

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

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 (IR409)* 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 (IR427)* to Box 3.
If there is no taxable value leave this box blank and still file this return.
3 $ 30 540.00

B **Complete this section for Quarters 1, 2 and 3** – do not complete this section for Quarter 4.
Enter either **64%** for periods up to 31/03/2009,
61% for periods between 01/04/2009 to 30/09/2010
49.25% for periods between 01/10/2010 to 31/03/21
63.93% for periods from 01/04/2021
or
Tick alternate rate for periods between 01/10/2010 to 31/03/21
43% for periods after 01/10/2010
49.25% for periods after 01/04/2021
4 . % ☐ Alternate rate

C **Complete this section for March Quarter only** – see the *FBT return guide (IR425)* for help
Enter single rate 64% for 31/03/2009,
61% for 31/03/2010,
49.25% for 31/03/2011 to 31/03/2020
63.93% for 31/03/2021 and subsequent March Quarters
or
Tick alternate rate
the 49/43%/49.25 rate can't be used in this quarter
5 . % ✓ March Only Alternate 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 $ 13 282.22
(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).
Fringe benefits provided **up to and on 30/09/2010** – divide value by nine, fringe benefits provided **on or after 01/10/2010** – multiply value by 3 and divide by 23 (value × 3 ÷ 23).
7 $ 3 967.96

Total value of all benefits from Box 3, $30,540 less $118.95 = $30,421.05 × 3 ÷ 23 = 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.
8 $ 17 250.18
(Tick one) **Tax to pay** ✓ **Refund** ☐

OFFICE USE ONLY
Correspondence indicator

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

Signature L.McDell Date 30/05/19

Please make a copy of this return for your own records

Inland Revenue
Te Tari Taake

IRD No **999-999-999**

Register for a myIR account to file your returns and make payments online

Audis on Anglesey Limited

Period end date **31 March 2019**

Due date **31 May 2019**

Amount enclosed **9** $ 17 250.18

FBT400

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.

If you chose the single rate in each of the three previous quarters you can either:

- pay FBT at 63.93%, or
- complete the alternate rate calculations in the fourth quarter using either the full or short form calculation.

If you chose the alternate rate in any of the three previous 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

If you're completing annual or income year returns you may choose one of the following options:

1. Pay FBT at 63.93% of the taxable value of the benefits provided.
2. Complete the alternate rate calculations using either the full or short form 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 when you've ceased to employ staff and provide fringe benefits

If this is your final FBT return, you've ceased employing staff and do not 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 IR420 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 single rate of 63.93% - available only if you've used the single rate in all other quarterly returns from 1 April
- the full alternate rate calculation process
- the short form alternate rate calculation process.

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 as follows:

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 do not intend to provide fringe benefits in the future call us on 0800 377 772 or via myIR, 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 do not know all the remuneration of your shareholder-employees or those receiving attributed income, you can apply either the 49.25% or 63.93% FBT rate to the value of the attributed benefits. If you use the 49.25% rate, you'll then complete the alternate rate calculation in next year's return. If you use 63.93% 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 49.25% or 63.93% FBT rate will then be applied to this amount.

If you use the 49.25% 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

Our remuneration adjustment worksheet (see page 38) may help when you need to make a remuneration adjustment.

This adjustment will be required where:

- full remuneration or attributed income details for the 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 49.25% rate.

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 as follows:

- 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 does not apply, if the annual taxable value of all contributions is $1,000 or more for an employee
- Employer contributions to any sickness, accident, or 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 category, for an employee is below the stated threshold.

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

Non-attributed benefits

The rate of 49.25% applies to pooled or shared fringe benefits that are not attributed to an individual employee (such as a motor vehicle where no one employee has principal use of that vehicle). The 63.93% rate applies if a major shareholder-employee, or an associated person of the major shareholder-employee (where the fringe benefit is not 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.

You may 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 rate of 49.25% for non-attributed benefits provided to ordinary employees
- 63.93% 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 × $750 = $3,750 @ 49.25%

1 × $750 = $750 @ 63.93%

If a major shareholder-employee is one of the recipients of non-attributed benefits that cannot be assigned, all non-attributed benefits provided against this category are taxed at a rate of 63.93%.

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 category is less than the thresholds under "Attributing fringe benefits". Refer also to the tables on pages 32 and 33. 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
Motor vehicles	-	Attributed	If the motor vehicle has been made available to more than one employee, and the employer cannot determine which employee mainly received the motor vehicle fringe benefit, treat as a non-attributed benefit.
Low-interest loans	-	Attributed	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 pooled (non-attributed) if all employees have the same or similar entitlement to the benefit.	
Employer contributions to sickness, accident, death funds 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 does not 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	-	Employee A $4,000 (A)* Employee B - Employee C -	Employee A $4,000 (A)* Employee B - Employee C $6,200 (A)*	Employee A - Employee B $4,500 (A)* Employee C $8,600 (A)*
Low-interest loans	-	Employee A - Employee B - Employee C -	Employee A - Employee B - Employee C -	Employee A $3,000 (A) Employee B - Employee C $5,000 (A)
Subsidised transport	$1,000	Employee A - Employee B - Employee C -	Employee A - Employee B - Employee C -	Employee A - Employee B - Employee C -
Employer contributions to sickness, accident, death funds or funeral trusts	$1,000	Employee A $1,800 (A)** Employee B $500 (N) Employee C $500 (N)	Employee A - Employee B - Employee C -	Employee A $1,500 (A) Employee B $600 (A) Employee C $950 (A)
Employer contributions to specified insurance funds of friendly societies	$1,000	Employee A - Employee B - Employee C -	Employee A $750 (A) Employee B $750 (A) Employee C $750 (A)	Employee A - Employee B - Employee C -
Employer contributions to any superannuation scheme (where ESCT does not apply)	$1,000	Employee A - Employee B - Employee C -	Employee A - Employee B - Employee C -	Employee A $1,100 (A) Employee B $2,000 (A) Employee C $850 (A)
Any other benefit of any kind (such as gifts, prizes and discounted goods and services)	$2,000	Employee A $1,000 (N) Employee B $550 (N) Employee C $700 (N)	Employee A $300 (A) Employee B $1,500 (A) Employee C $2,500 (A)	Employee A $2,500 (A) Employee B $150 (N) Employee C $120 (N) Employer has chosen not 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.

* Principal usage

** Greater than the threshold of $1,000

Inland Revenue
Te Tari Taake

FBT alternate rate calculation sheet - quarterly returns

IR417
September 2010

- **Transfer the totals for the year from the *FBT taxable value calculation sheet (IR427)***
- **Please keep the calculation sheets for your own records.**
- **Please use the *Fringe benefit tax return guide* (IR425) if you need help, or call us on 0800 377 772.**

Employer's details **Name** Audis on Anglesey Ltd

IRD number 9 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 Pooled vehicles and non-attributed benefits*	✓	2 Employee's income (for example, wages, salary)	3 Tax on employee's income (column 2)	4 Net income (columns 2 minus 3)	Taxable value from *FBT taxable value calculation sheet (IR427)* 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 amount in column 9	11 FBT payable for the year (columns 10 minus 3)
Allan	✓	$ 90,000	$ 20,620·00	$ 69,380·00	$ 6,645·00	$ 6,645·00	$ 6,645·00	$ 6,423·50	$ 95,738 00	$ 33,600·42	$ 12,980·42
Karyn	✓	$ 70,000	$ 14,020·00	$ 55,980·00	$ 4,245·00	$ 4,245·00	$ 4,245·00	$ 3,867·66	$ 72,582 00	$ 22,196 09	$ 8,176·09
Michael		$ 65,000	$ 12,520·00	$ 52,480·00	$ 4,495·00	$ 4,495·00	$ 4,495·00	$ 4,325·00	$ 70,290 00	$ 21,067·28	$ 8,547·28
Zao		$ 60,000	$ 11,020·00	$ 48,980·00	$ 3,745·00	$ 3,745·00	$ 3,745·00	$ 3,745·00	$ 63,960 00	$ 17,949 75	$ 6929·75
Nicole		$ 50,000	$ 8,020·00	$ 41,980·00	$ 2,201·00	$ 2,201·00	$ 2,204·00	$ 2,000·00	$ 50,586 00	$ 11,707 73	$ 3,687·73
Flynn		$ 35,000	$ 5,145·00	$ 29,855·00	$ 320·00	$ 320·00	$ 320·00	$ 320·00	$ 31,135 00	$ 5,415·88	$ 270·88
Sarah		$ 30,000	$ 4,270·00	$ 25,730·00	$ · –	$ · –	$ · –	$ 118·95	$ 25,848 00	$ 4,294 51	$ 24·51
Bailey		$ 20,000	$ 2,520·00	$ 17,480·00	$ · –	$ · –	$ · –	$ 500·00	$ 17,980 00	$ 2,625 71	$ 105 71
Non-attributed (49.25%)		$	$ ·	$ ·	$ · –	$ · –	$ 4,500·00	$ 4,500·00	$ 9,000 00	$ 49.25%	$ 4,432·50
Pooled vehicles (49.25%)		$	$ ·	$ ·	$ 4,740·00	$ 4,740·00	$ ·	$ 4,740·00	$ 14,220 00	$ 49.25%	$ 7,003·35
		$	$ ·	$ ·	$ ·	$ ·	$ ·	$ ·	$ ·	$ ·	$ ·
		$	$ ·	$ ·	$ ·	$ ·	$ ·	$ ·	$ ·	$ ·	$ ·
		$	$ ·	$ ·	$ ·	$ ·	$ ·	$ ·	$ ·	$ ·	$ ·
				Totals	$ 26,391 00	$ 26,391 00	$ 26,154 00	$ 30,540 11			

* FBT rate for pooled vehicles and non-attributed benefits:
- 49% up to 31/03/2010
- 42.86% 01/04/2010 to 31/03/2011
- 42.86% from 01/04/2011 onwards, or

FBT rates for pooled vehicles and non-attributed benefits to major shareholder-employees (or associates who are not employees):
- 61% 01/04/2009 to 31/03/2010
- 49.25% 01/04/2010 to 31/03/2011
- 49.25% from 01/04/2011 onwards

◆ 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.

Total fringe benefit tax payable for the year. **A** $ 52,158 20

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** $ 38,875 : 98

Total fringe benefit tax to pay
Subtract Box B from Box A. Print your answer in Box C. **C** $ 13,282 : 22

Copy the amount in Box C to Box 6 of your return
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
Remember to tick FBT to pay or FBT refund on your return

(Tick one) ✓ FBT to pay
FBT refund

Note: Columns 3 and 10 are based on the tax rates from 1 April 2011.

Completing a fourth quarter, annual or income year "full" alternate rate calculation sheet

The following examples are using the FBT rate for the year ending 31 March 2021.

- **FBT alternate rate calculation sheet - quarterly returns - IR417**
- **FBT alternate rate calculation sheet - income year return - IR418**
- **FBT alternate rate calculation sheet - annual return - IR419**

Column 1 - Employee's name or non-attributed benefits

Note

The alternate rate calculator under "Work it out" at **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 will not need to complete the alternate rate calculation sheet.

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 you have not already identified those benefits that have to be attributed this will be your first step in completing the alternate rate calculation.

If the benefit provided were any pooled vehicles or non-attributed benefits, 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

You do not need to complete columns 2 to 4 for non-attributed benefits as they are taxed at flat FBT rates.

Column 2 - Employee's income (cash remuneration)

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. Show this amount as whole dollars. This will be zero for non-attributed benefits.

Column 3 - Tax on employee's income (tax on employee's cash remuneration)

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 is not the amount of PAYE deducted from your employee's income. This will be zero for non-attributed benefits.

The income thresholds and income tax rates from 1 April 2021 are as follows:

Income thresholds	Tax rate
Income to $14,000	10.5%
$14,001 - $48,000	17.5%
$48,001 - $70,000	30%
$70,001 - $180,000	33%
$180,001 upwards	39%

Column 4 - Net income

For each employee, subtract the amount in column 3 from the amount in column 2. This is the employee's net income. Write this total in column 4.

Columns 5 to 8 - Total benefits provided to an employee, or non-attributed benefits.

Quarterly filers

Complete columns 5 to 8 for each employee, shareholder-employee and person receiving attributed income where the benefit has been attributed, and for non-attributed benefits.

For each quarter, total the taxable value of all attributed benefits received by an employee from the FBT taxable value calculation sheets.

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.

For non-attributed benefits, refer to the FBT taxable value calculation sheets. Enter non-attributed benefits and pooled benefits (such as motor vehicles) in columns 5 to 8.

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.

Annual and income year filers

For annual and income year filers, the taxable value of the fringe benefits attributed to the individual employees is written in the following columns:

- Column 5 - write the total for motor vehicles (A)
- Column 6 - write the total for other fringe benefits (B)

- Column 7 - write the total for low-interest loans (C)
- Column 8 - write the total for insurance and superannuation (D).

Write the total amount next to the employee's name, or non-attributed benefit in each of the columns. To check all the figures have been correctly transferred, add up the column for each benefit type (columns 5, 6, 7 and 8). The combined total should be the same as the taxable value shown on Box 3 of the IR421 or IR422 FBT return.

You do not have to attribute certain benefits if they fall under the threshold for their category.

Column 9 - Fringe benefit-inclusive cash remuneration (FBICR)

For each employee and for non-attributed and pooled benefits, add columns 5 to 8 together, then add the dollar value from column 4 and write 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 were not attributed to an individual employee.

Column 10 - Tax on fringe benefit-inclusive cash remuneration (FBICR) for attributed benefits

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

The fringe benefit-inclusive cash remuneration thresholds and FBT rates from 1 April 2021 are as follows:

Fringe benefit-inclusive cash remuneration	Tax rate
$0 - $12,530	11.73%
$12,531 - $40,580	21.21%
$40,581 - $55,980	42.86%
$55,981 - $129,680	49.25%
$129,681 upwards	63.93%

Non-attributed benefits

The FBT rate of 49.25% applies to fringe benefits that are not attributed to an individual employee. The rate of 63.93% applies to major shareholder-employees.

Employers providing non-attributed benefits may create two pools for benefits provided: one for major shareholder-employees or associates and one for ordinary employees.

Shareholder-employees or persons receiving attributed income - remuneration unknown

This step does not 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 49.25% or 63.93%.

In column 10, write the percentage applied to non-attributed benefits.

Column 11 - FBT payable for the year

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 on their attributed benefits, take the total from column 10 (tax on FBICR) and subtract the total in column 3 (tax on income).

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 49.25% rate is used, multiply your total in column 9 by 49.25% (write the rate in column 10), and write your total in column 11. If 63.93% is used, multiply your total in column 9 by 63.93% (write the rate in column 10), and write your total in column 11.

Non-attributed benefits

The rate of 49.25% applies to pooled fringe benefits not attributed to an individual employee. The 63.93% 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 multiplying your total in column 9 by the rate in column 10 and write the amount in column 11.

Box A - Total FBT to pay

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. Copy this amount to Box 5 of your return (IR421).

If you file annual returns, Box A is your FBT payable. Copy this amount to Box 5 of your return (IR422).

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 42.86% rate, copy this amount to the remuneration adjustment worksheet available at **ird.govt.nz**

Box B - FBT assessed in quarters 1 to 3 (quarterly filers only)

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

Box C - Total FBT to pay or refund due (quarterly filers only)

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 copy to Box 6 on your FBT return. 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 49.25% rate, copy this amount to the remuneration adjustment sheet available at **ird.govt.nz**.

Example

For the 2022 income year

Audis on Anglesey Ltd files quarterly FBT returns and has 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 the taxable value of attributed fringe benefits for the year was $14,980.

Tax on $60,000 is calculated as follows:

$ 14,000	@	10.5%	=	$1,470
$ 34,000	@	17.5%	=	$5,950
$ 12,000	@	30%	=	$3,600

The tax on $60,000 is $11,020.

The net cash remuneration of $48,980 ($60,000 - $11,020) is added together with the taxable value of the attributed fringe benefits for the year to arrive at the FBICR of $63,960. The tax on this amount is calculated as follows:

$ 12,530	@	11.73%	=	$1,469.76
$ 28,050	@	21.21%	=	$5,949.40
$ 15,400	@	42.86%	=	$6,600.44
$ 7,980	@	49.25%	=	$3,930.15

The tax on $63,960 is $17,949.75.

The total FBT payable for Zac for the year is $6,929.75 ($17,949.75 – $11,020).

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

If you know all the details for these employees, complete your calculations.

If you have some employees whose remuneration details are unknown when you complete your return, you can elect either the 63.93% FBT rate or the 49.25% rate.

Electing the flat rate of 63.93%

You pay FBT of 63.93% on all benefits provided during the year, including those provided to shareholder-employees and those persons receiving attributed income.

Electing the 49.25% rate

You have two options if you elect to apply the 49.25% rate.

Option 1

Apply the flat rate of 63.93% 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 63.93%, as the cash remuneration for the year is likely to exceed $180,000.

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

Applying the rate of 63.93% to these benefits gives FBT payable of $4,468.06.

DSC Ltd would include the $4,468.06 in column 11 of the FBT alternate rate calculation sheet.

Option 2

Apply the flat rate of 49.25% 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 49.25%, and use the alternate rate calculation next year.

Total attributed benefits provided to John Smith	$ 9,145.00
Current year remuneration details unknown	$ -
Total FBT payable (column 11) using 49.25%	$ 4,503.91
FBT paid in quarters 1 to 3	$ 4,064.92
FBT to pay	$ 438.99

FBT adjustment in next year's return

John's total gross cash remuneration*for the previous year	$65,000.00
Total FBT payable on the benefits provided in the previous year	$ 4,279.76
Less FBT assessed in the previous year	$ 4,503.91

FBT adjustment required for current year $224.15 credit

An extra $360.22 is deducted from 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	$ 65,000·00	$ 12,520·00	$ 52,480·00	$ 9,145·00	$ 61,625·00	$ 16,799·76	$ 4,279·76	$ 3,919·54	$ 360·22
	$ ·	$ ·	$ ·	$ ·	$ ·	$ ·	$ ·	$ ·	$ ·
	$ ·	$ ·	$ ·	$ ·	$ ·	$ ·	$ ·	$ ·	$ ·
	$ ·	$ ·	$ ·	$ ·	$ ·	$ ·	$ ·	$ ·	$ ·
	$ ·	$ ·	$ ·	$ ·	$ ·	$ ·	$ ·	$ ·	$ ·
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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 IR420) or Box 5 (for annual returns IR422) benefit tax return. Do not forget to tick FBT to pay or FBT refund on your return

Print the total from column 10 here **D** $ 360·22

(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** $ 36,351·98

(Tick one) FBT to pay ✓ FBT refund

Note: Columns 3 and 7 are based on the tax rates from 1 April 2011.

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 63.93%. All non-attributed benefits are subject to the flat rate of 49.25% (or 63.93% in the case of non-attributed benefits provided where one or more recipients are major shareholder-employees). 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 $180,000 gross equivalent.

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

- In column 1, write "Attributed benefits" and "Non-attributed benefits" on separate lines.
- In column 9, write the total amount of attributed or non-attributed benefits.
- If you're a quarterly filer show the values used in each quarter of the FBT taxable value calculation sheets in the respective boxes on the alternate rate calculation sheet. These are quarter 1 Box 5, quarter 2 Box 6, quarter 3 Box 7 and quarter 4 Box 8. Add them together and write the total value in Box 9.
- In column 10, write the rate you're using to calculate FBT payable.
- In column 11, multiply column 9 by column 10 and write the total.

Annual and income year filers - add up column 11 and transfer this amount to Box 5 of your FBT return.

Quarterly filers - complete Boxes A, B and C where C is the amount of FBT to pay. Copy this amount to your return. 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 49.25% rate, copy this amount to the remuneration adjustment worksheet available at **ird.govt.nz** - see example on page 38.

Example

DSC Ltd elects the short form alternate rate option.

Total attributed benefits (FBT rate 63.93%)	$ 8,295.00
Total non-attributed benefits (FBT rate 49.25%)	$ 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	$ 4,449.59
Less FBT assessed on quarters 1 to 3	$ 3,637.27
FBT payable in quarter 4	$ 812.32

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 have until the next working day to pay.

How to make payments

You can make payments by:

- direct debit in myIR
- credit or debit card at **ird.govt.nz/pay**
- internet banking - most New Zealand banks have a pay tax option.

When making a payment, include:

- your IRD number
- the account type you are paying
- the period the payment relates to.

Find all the details of our payment options at **ird.govt.nz/pay**

Late payment

If you do not pay a bill on time, you may have to pay penalties and interest.

Contact us if you are not able to pay on time. We'll look at your payment options, which may include an instalment arrangement.

Find out more at **ird.govt.nz/penalties**

For more help

See our guide **Penalties and interest - IR240**.

Nil return

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

Correct errors on my fringe benefit tax return

You can correct your fringe benefit tax (FBT) return in myIR if:

- you made one or more errors, and
- the difference in the total fringe benefit tax to pay is $1,000 or less.

You will need to ask us to amend your FBT return if any of the following apply:

- the difference in the total FBT to pay is above $1,000
- we told you that you could not deduct the expense in the earlier period
- we're investigating the return.

You can send us a message in myIR with the following details:

- the return period you made the mistake in
- the FBT amount involved and the correct figures
- the type of mistake and why the change is needed.

Record keeping

You must record these details in your FBT paperwork and make the information available to us if we ask for it:

- what FBT return period the error occurred in
- the FBT amount involved
- the type of error
- which FBT return period you made the correction in.

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 have 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: Multiply the result from step 2 by 3 and divide by 23, 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 2014 quarterly FBT taxable value calculation sheet for Audis on Anglesey Ltd

Motor vehicles	$ 25,421.16
Low-interest loans	$ 118.95
Accident insurance	$ 4,500.00
Goods and services	$ 500.00
Total benefits	$ 30,540.11
Less low-interest loans	$ 118.95
	$ 30,421.16

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 multiplied by 3 and divided by 23 = $3,967.97.

Box 5 - GST return

If an employee makes a payment direct 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 cannot 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 direct 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 $13.04.

Income tax

Some employee payments and provisions may seem to be fringe benefits, but they are not.

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 are not 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

Need to speak with us?

Have your IRD number ready and call us on one of these numbers.

General tax, tax credits, refunds, payment options, Working for Families Tax Credit payments, and paid parental leave	0800 775 247
Child support (8am to 5pm Monday to Friday)	0800 221 221
Student loans	0800 377 778
General tax, tax credits and refunds	0800 377 774
Employers	0800 377 772
GST	0800 377 776
Significant enterprises	0800 443 773

International callers

Want faster access to our services?

Find the best number to call at **ird.govt.nz/contact-us**

Free calling does not apply to international callers.

Voice ID-enrolled customers have shorter calls and better after-hours access.

Enrol for voice ID	0800 775 247
Reset your myIR password	0800 227 770
Check your account balances	0800 257 777
Order forms and guides	0800 257 773

We're open 8am to 6pm Monday to Friday, and 9am to 1pm Saturday. We record all calls.

Our self-service lines are open 7 days a week - except between 5am and 6am each day. They offer a range of automated options, especially if you're enrolled with voice ID.

Find out more at **ird.govt.nz/contact-us**

Supporting businesses in our community

Our Community Compliance officers offer free tax education and advice to businesses and small organisations, as well as seminars for personal tax and entitlements.

Our Kaitakawaenga Māori offer a free advisory service to help meet the needs of Māori individuals, organisations and businesses.

Go to a seminar or workshop, or request a visit from us to find out more about:

- records you need to keep
- taxes you need to know about
- using our online services
- completing your tax returns (eg GST, employer returns)
- filing returns and making payments
- your KiwiSaver obligations.

Go to **ird.govt.nz/contact-us** and select the **In person** option to find out about requesting a visit.

Find a seminar or workshop near you at **ird.govt.nz/contact-us/seminars**

Privacy

Meeting your tax obligations means giving us accurate information so we can assess your tax and entitlements under the Acts we administer. We may charge penalties if you do not.

We may also exchange information about you with:

- some government agencies
- another country, if we have an information supply agreement with them, and
- Statistics New Zealand (for statistical purposes only).

You can ask for the personal information we hold about you. We'll give the information to you and correct any errors, unless we have a lawful reason not to. Find our full privacy policy at **ird.govt.nz/privacy**

If you have a complaint about our service

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

If you disagree with how we've assessed your tax, you may need to follow a formal disputes process.

Find out more about making a complaint, and the disputes process, at **ird.govt.nz/disputes**