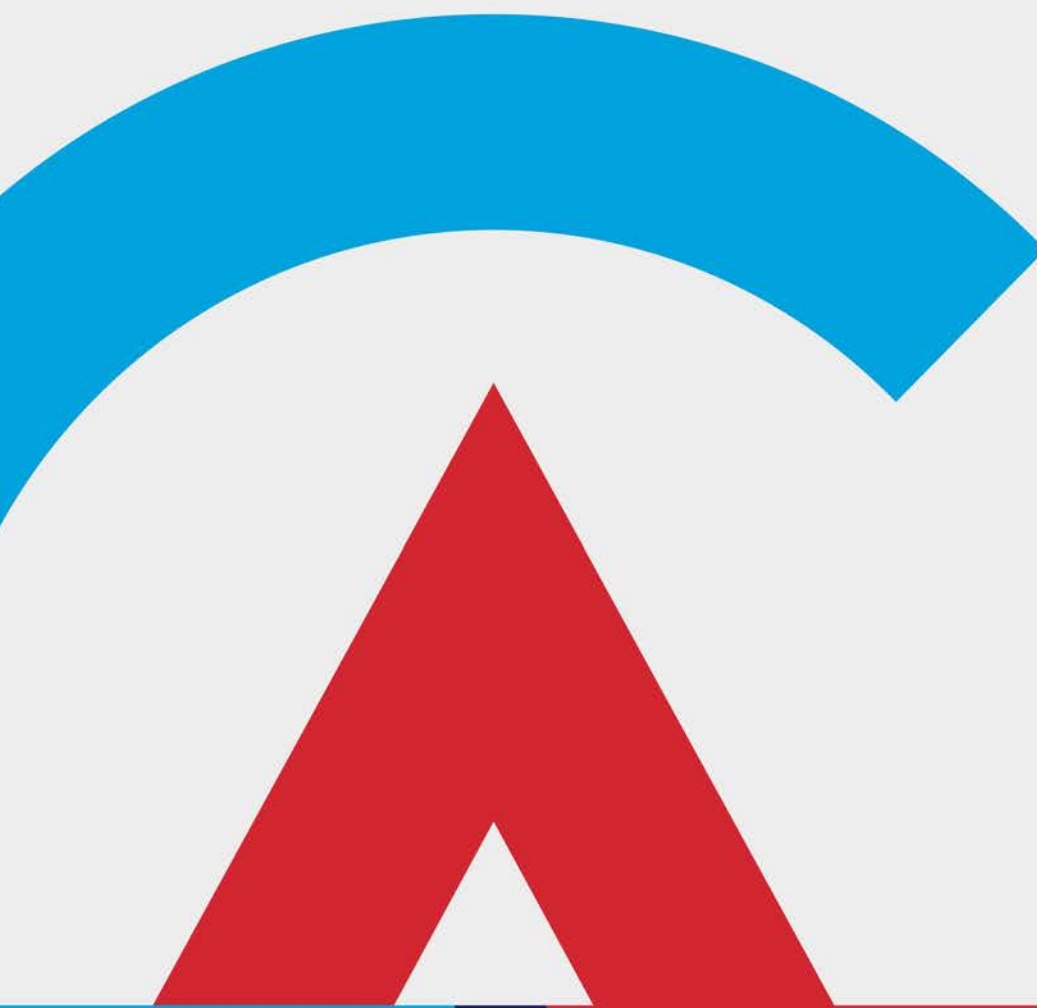


What is the FBT, GST and income tax treatment of an employee contribution to a fringe benefit PUB 00333

16 April 2019



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Team Manager, Technical Services
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Dear Grant

PUB 00333: What is the fringe benefit tax, GST and income tax treatment of an employee contribution to a fringe benefit?

Chartered Accountants Australia and New Zealand (CA ANZ) appreciates the opportunity to provide feedback on the draft Question We've Been Asked (QWBA).

CA ANZ supports the publication of the above item. We found it to be well written, clear and easy to understand. The items and content will help your target audience (employers) establish how the rules apply to their circumstances.

We have set out our comments below which we hope you find useful.

1. Answer

Page 1 includes a table summarising the FBT, GST and income tax consequences of a partial contribution and a full contribution. The answer could be improved by referring the reader to the table. For example, the answer could include the following sentence: "The consequences are summarised below".

2. Employee contributions and salary sacrifice

Although paragraph 5 correctly summarises the position we are aware there is a general lack of understanding by employers of the FBT consequences of a salary sacrifice. In our opinion the inclusion of an example would help emphasise the point and aid understanding.

3. FBT treatment of contributions

Paragraph 8 makes it clear, an employee receives a fringe benefit even when they pay market value (makes a 100% contribution) and a nil FBT return must be filed. We are aware the Commissioner has relieved an

employer of the obligation to file FBT returns where nil FBT returns have been filed over a period of time. The waiving of the obligation has presumably been based on the premise that no fringe benefits in fact have been provided to the employees. It would be helpful if this position was clarified. Section 46B(5) of the Tax Administration Act 1994 states "If no fringe benefit has been provided" However, the Commissioner may relieve an employer of this obligation". A discussion on what "no fringe benefit has been provided" means would be useful.

4. Numerical examples

Numerical examples illustrating the FBT, GST and income tax treatment of a partial and a full contribution would assist readers understanding.

We would be happy to discuss our submission with you.

Yours sincerely



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New Zealand Tax Leader



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Senior Tax Advocate