SA Health

Policy

Fringe Benefit Tax

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Version 1.0

Approval date: 18 June 2025

PDS Reference No: D0529

Government of South Australia

SA Health

1. Name of Policy

Fringe Benefit Tax

2. Policy statement

This policy provides the mandatory requirements to ensure compliance with the *Fringe Benefits Tax Assessment Act 1986 (FBTAA)*, Treasurer's Instructions and other regulatory requirements regarding the fringe benefits tax (FBT) obligations.

3. Applicability

This policy applies to all employees and contracted staff of SA Health; that is all employees and contracted staff of the Department for Health and Wellbeing (DHW), Local Health Networks (LHNs), including state-wide services aligned with those Networks and SA Ambulance Service (SAAS).

Out of Scope

Out of scope for this policy is:

- FBT management functions and responsibilities outsourced under a service arrangement, including arrangements with Shared Services SA (SSSA) managed by the Services Design and Operations Level Responsibilities (SDOLR).
- Allowances provided to employees that are not subject to FBT.
- Reimbursements for non-employees or expenses not classified as fringe benefits.
- Transactions or benefits related to payments to contractors, consultants, or other non-employee engagements.
- Salary-packaged vehicles and those part of an approved executive remuneration package.

4. Policy principles

SA Health's approach to fringe benefits tax is underpinned by the following principles:

> We will ensure all FBT returns are prepared, completed and paid on time in accordance with ATO deadlines.

> We will maintain strict compliance with legislative and Department of Treasury and Finance requirements.

> We will regularly assess and monitor eligibility for FBT exemptions and accurate calculations of FBT liabilities.

> We will maintain documentation and records for all FBT related transactions and employee claims for proper approvals and recovery of shortfalls.

5. Policy requirements

Compliance and Administration

DHW must:

> Ensure the lodgement of the 'Whole of SA Health' FBT return with the ATO on behalf of all business units is undertaken.

> Maintain records of fringe benefits provided and make quarterly FBT payments in compliance with the Corporate Records Management Policy.

DHW, LHNs and SAAS must:

> Ensure all activities comply with the *Fringe Benefits Tax Assessment Act 1986 (FBTAA)* and Treasury requirements.

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- Maintain accurate and complete records for all FBT-related activities in compliance with the Corporate Records Management Policy.

Capped FBT exemption

DHW, LHNs and SAAS must:

- Assess the employee's eligibility for access to the capped FBT exemption per the FBTAA.
- Ensure awareness is provided of eligibility for salary sacrifice, access to the capped FBT exemption and FBT status.
- Ensure the value of employer provided fringe benefits is considered when establishing and maintaining a salary package to confirm:
    - FBT is budgeted for, or
    - the total salary packaged amount and employer provided fringe benefits do not exceed the FBT cap; unless specific approval has otherwise been obtained, including reallocation of FBT shortfall, and
    - Pay the cost of any taxation liability, including FBT, incurred because of their salary packaging arrangements.
- Notify the approved third-party salary sacrifice provider if eligibility for capped FBT exemption ends.

Professional Development

DHW, LHNs and SAAS must:

- Ensure compliance with the medical officer's specific enterprise agreements approval processes.
- Ensure applicability assessment and recording of FBT against Professional Development entitlements are undertaken.
- Ensure reimbursements are conducted through the Medical Officer Professional Development Reimbursement System (MOPDRS).

Recovery of excess FBT from salary sacrifices

DHW, LHNs and SAAS must:

- In conjunction with an approved salary sacrifice provider, manage recovery for benefits exceeding the capped FBT exemption.
- Exempt salary-sacrificing salaried medical officers from FBT shortfall recovery under the Medical Officers Specific Salary Sacrifice Scheme (MOSSSS).

Reallocation of FBT Shortfall

DHW, LHNs and SAAS must seek approval from the DHW Executive Director of Workforce to reallocate FBT shortfall from employees exceeding capped exemptions to the requesting business unit in limited cases, without affecting an employee's salary package.

Reimbursements

DHW, LHNs and SAAS must submit all employee reimbursement claims with documentary evidence to substantiate fringe benefit claims.

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Approval and Documentation for Reimbursements

DHW, LHNs and SAAS must obtain appropriate delegated authority approval from an employee's business unit for reimbursed work-related expenses and provide declarations and documentary evidence to substantiate fringe benefit claims.

Employee Reimbursement (not relating to Medical Officer Professional Development)

DHW, LHNs and SAAS must:

- Ensure that all employee reimbursement claims are submitted on the Employee Reimbursement Form with FBT compliant documentary evidence.
- Ensure the Employee Reimbursement Form is filled, reviewed, and approved by the relevant manager for all claims.
- Not use the Employee Reimbursement Form for the following:
    - Allowance
    - Items paid using a government purchase card
    - Items paid using petty cash, and
    - Procurement of normal SA Health goods and services.
- Ensure compliance with ATO substantiation requirements and correct application of the Otherwise Deductible Rule (ODR), where applicable. This includes obtaining necessary documentary evidence to support the reduction of the taxable value of a benefit.
- Note that the ODR does not apply to all expenditures and must refer to the *Fringe Benefits Tax Assessment Act 1986* and/or the ATO Reducing your FBT liability ('Otherwise deductible' rule) for requirements and guidelines.

Travel and FBT

DHW, LHNs, and SAAS must:

- Ensure that overseas travel complies with the Overseas Travel Policy.
- Ensure that domestic travel complies with the Domestic Travel Policy.
- Provide appropriate documentary evidence in compliance with the *Fringe Benefits Tax Assessment Act 1986* for assessment purposes.
- Ensure the SA Health Travel Diary procedure is adhered to.

Motor Vehicle, Logbooks and FBT

DHW, LHNs, and SAAS must:

- Collect and maintain logbooks from SA Health government vehicles and SA Government approved third party salary sacrifice provider.
- Use logbooks for vehicles to record travel, distinguishing between business and private. This includes senior staff who have been approved to use a blue-plated motor vehicle for home to office travel.

6. Mandatory related documents

The following documents must be complied with under this policy, to the extent that they are relevant:

- Corporate Records Management Policy
- Domestic Travel Policy
- *Fringe Benefits Tax Assessment Act 1986*

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- Overseas Travel Policy
- SA Health Travel Diary [incl. Procedure] (For SA Health internal use only)
- Treasurer's Instruction *5 Debt Recovery and Write Offs*
- Treasurer's Instruction *25 Taxation Policies*

7. Supporting information

- Determination 3.2: Employment Conditions – Remuneration – Allowance and Reimbursements
- Employee Reimbursement Form Factsheet (For SA Health internal use only)
- Fringe Benefits Tax Guide (ATO)
- Fringe benefits tax - a guide for employers – 21.7 The otherwise deductible rule and jointly provided fringe benefits
- Fringe Benefits Tax Assessment Act 1986 - LI 2024/6 - Explanatory statement (Otherwise deductible rule)
- *Health Care Act 2008*
- Medical Officers Specific Salary Sacrifice Scheme (MOSSSS) *(Part B- 8.7 - 8.12)*
- Medical Officer Professional Development Reimbursement System (MOPDRS) (For SA Health internal use only)
- Reducing your FBT liability ('Otherwise deductible' rule)
- SA Health Clinical Academics Enterprise Agreement
- SA Health Salaried Medical Officers Enterprise Agreement
- SA Health Visiting Medical Specialists Enterprise Agreement
- Taxation Ruling TR 2013/6 Fringe benefits tax: 'otherwise deductible' rules and Division 35 of the Income tax Assessment Act 1997
- Taxation Factsheet 19 – Documentary Evidence (For SA Health internal use only)
- TD 93/90 Income tax: does the 'otherwise deductible rule' apply to reduce the taxable value of fringe benefits provided to associates of employees?
- Work-related items exempt from FBT (ATO website)

8. Definitions

- **Capped FBT exemption**: means an exemption provided to the employer under the FBT Act for up to $17000 Grossed Up Taxable Value (GUTV) per FBT year for an individual employee.
- **Documentary evidence**: means documents to support your claim (e.g., receipts or tax invoices from the supplier showing the date and nature of the purchase; bank or credit card statements/slips are usually insufficient, when provided in isolation, to substantiate). For further guidance, refer to Taxation Factsheet 19 – Documentary Evidence.
- **Employee:** means for FBT purposes, those included in the 'Whole of Health' FBT return**,** encompasses past, present, and future employees of all Local Health Networks (LHNs), DHW, SAAS, and an associate of the employer or a third party under an arrangement with either the employer or an associate of the employer.

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- **Fringe Benefit:** means a benefit provided to an employee (or their associate) in place of salary or wages. This can include use of a work car for private purposes, gym fees, travel costs, meal subsidies, course tuition fees, and entertainment such as free tickets to concerts.
- **Fringe Benefits Tax (FBT)**: means tax paid on fringe benefits provided to employees.
- **Government vehicle**: means motor vehicle fleet owned and managed by the South Australian Government Financing Authority (SAFA) and motor vehicles owned and managed by SA Health.
- **Logbook**: means a record-keeping method to substantiate motor vehicle business percentage usage.
- **'Otherwise deductible' rule (ODR)**: means the taxable value of a benefit that may be reduced by the amount that an employee would have been entitled to claim as an income tax deduction in their personal tax return, if the benefit were not paid for, reimbursed or provided by the employer. That is, where expense relates to the employee performing their work, or otherwise used in earning their assessable income, the taxable value is reduced by the amount which would be deductible. The ODR does not apply to the purchase of depreciable items costing more than $300 (e.g., desktop computers, books with long useful life, or other non-deductible expenditure such as Commonwealth supported course fees or associated loans)
- **Reimbursement**: means when an expense is incurred by an employee or an associate, and reimbursed, either in full or in part, on behalf of the employer, and the expense is vouched by a receipt or invoice and processed using the Employee Reimbursement form or Medical Officer Professional Development Reimbursement System (MOPDRS). For example, the employer reimburses the cost of attending a conference related to work.
- **Salary packaging arrangements**: means the inclusion of employee benefits in an employee remuneration package in exchange for giving up part of a monetary salary.
- **Third-party salary sacrifice provider**: means outsourcing certain financial functions and responsibilities, e.g., SmartSalary, Shared Services SA (SSSA) etc. Where this occurs, a Service Level Agreement (SLA), or similar, must be negotiated. These SLAs outline agreed upon responsibilities allocated between the public authority and the service provider for the key tasks, activities and controls associated with the outsourced financial management functions.
- **Vehicle**: means for fringe benefits purposes, any of the following: a sedan or station wagon; or any other goods-carrying vehicle with a carrying capacity of less than one tonne, such as a panel van or utility (including four-wheel drive vehicles); or any passenger-carrying vehicle designed to carry fewer than nine passengers.

9. Compliance

This policy is binding on those to whom it applies or relates. Implementation at a local level may be subject to audit/assessment. The Domain Custodian must work towards the establishment of systems which demonstrate compliance with this policy, in accordance with the requirements of the Risk Management, Integrated Compliance and Internal Audit Policy.

Any instance of non-compliance with this policy must be reported to the Domain Custodian for the Financial Management Policy Domain and the Domain Custodian for the Risk, Compliance and Audit Policy Domain.

10. Document ownership

Policy owner: Domain Custodian for the Financial Management Policy Domain

Title: Fringe Benefit Tax Policy

Objective reference number: A6727099

Review date: 18/06/2026

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11. Document history

Version	Date approved	Approved by	Amendment notes
1.0	18/06/2025	Chief Executive, DHW	New policy aligned with Policy Framework. This policy amalgamates 8 existing policies: • Employee Reimbursements and Payments Policy Directive • Fringe Benefits Tax Exemption: Departmental Employees Policy Directive • FBT Return, Instalment and payment Policy Directive • Fringe Benefits Tax Public Hospital and Public Ambulance Service Exemptions and Salary Sacrifice Policy Directive • Motor Vehicle Logbook Policy Directive • Professional Development and Fringe Benefits Tax Policy Directive • Recovery of Fringe Benefits Tax arising from Salary Sacrifice Policy Directive • Travel and FBT Policy Directive

12. Appendices

1. Nil.

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