

FACT SHEET: Fringe Benefits Tax (FBT) and Travel

FBT and travel

The Australian Taxation Office (ATO) requires that all travel undertaken by an employee and funded or sanctioned by the employer must be primarily for business purposes.

Travel costs incurred by an employer on behalf of an employee which are primarily for private purposes cause an FBT liability to be imposed on the employer.

The University looks to minimise the extent of any potential FBT liability it may incur and as such travel arrangements which will incur a FBT liability are unlikely to be approved.

Travel diaries

The FBT law requires that an employee must keep and give to their employer a travel diary in situations where the employer pays, reimburses or sanctions the employee's expenses of travel in order that the employer can substantiate that the travel was for business purposes and therefore the employer is not required to pay FBT on the amount of the travel costs for the trip.

The overall objective is to provide a record of events giving a sufficient basis on which to determine the extent to which the trip was undertaken for business purposes.

Where a Travel Diary is not completed or is not properly completed by an employee, the travel to which the diary relates will be regarded as un-substantiated travel and will be deemed to be private travel.

For further information on Travel Diaries, please see the FBT - Travel Diaries Fact Sheet.

What costs attract FBT?

Where the primary purpose of the trip is private or a dual purpose business/private trip, FBT will apply to the travel and associated travel costs of the trip.

Travel and associated travel costs includes the return to Australia airfares (or equivalent) and other costs such as airport drop-off/pick-up shuttle bus fees, car hire, parking fees, taxi, ride sharing service charges and private car kilometre charges for travel to/from the departure airport and the traveller's home and the destination airport and the destination business location.

What is incidental private travel?

Incidental Private Travel is the number of private days during a business trip, not including non-business weekend days, the total of which does not exceed the incidental private travel limits for the trip.

What are the incidental private travel limits?

The incidental private travel limit for any trip up to and including 20 calendar days duration is 25%.

The incidental private travel limit for any trip exceeding 20 calendar days duration is 30%.

What happens if the incidental private travel limits are exceeded?

Where the number of private travel days during a trip exceeds the incidental private travel limits, the trip is deemed to be a dual purpose trip and FBT is required to be paid by the University on the international travel and associated costs for the trip.

Employee contributions to a dual purpose trip

Dual Purpose travel may be approved where the University member makes an *'employee contribution'* to the travel costs of the trip.

The University member makes an *'employee contribution'* to travel the costs of the trip by paying half (50.0%) of the cost of the Australia return ticket airfare (or equivalent) and other associated travel costs and all private costs relating to the private travel.

Payment of the *'employee contribution'* must be made by the University member directly paying the University's Travel Management Company or the relevant service provider from personal after tax funds.

Payment of the *'employee contribution'* for dual purpose and private travel costs cannot be made via reimbursement to the University.

Payment of the *'employee contribution'* for dual purpose and private travel costs cannot be made from consultancy funds held by the University.

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How to classify the days of a trip

Travel days

A travel day is any day spent travelling to or from a business activity location, a travel day is classified as a business day.

A maximum of two (2) travel days is accepted by the University for continuous international travel from or to Australia.

Any travel days in excess of two (2) days for travel from or to Australia are counted as private days unless it can be shown there are or were exceptional circumstances requiring additional travel days.

Exceptional circumstances can include but are not limited to:

- medical conditions of the traveller documented with and accepted by the University's Human Resources Section and the University's Travel Insurance insurers, prior to the booking of flights;
- time taken for additional shuttle flights within a destination country to get to a business location;
- travel delays between business locations due to circumstances outside of the traveller's control, including but not limited to un-announced strikes, natural disasters, civil disorder, closure of routes or the re-scheduling or cancellation of services by a carrier.

Travel days as part of a trip to or from an annual leave, recreation leave or private day location are classified as private days and the costs associated with this travel must be paid for by the staff member from after tax funds.

Travel physical recovery days

The day immediately following the completion of continuous international air travel from or to Australia, which would otherwise be classified as a Private Day may be classified by a staff member as a Business Day where that day is used for physical recovery.

No travel physical recovery days are considered necessary for domestic travel within Australia or for travel to/from New Zealand.

Private days

A private day while travelling is any day on which less than three (3) hours University business is planned to take place or took place, which is not a non-business weekend day.

Travel time to or from a recreation leave or private day location are private days and the cost of the travel to and from the location is a private cost.

The University close down period, days of recreation leave, days of time off in lieu and flexi days are all classified as private days.

A staff member planning a trip which includes private days must use their accrued annual leave for the private days and must apply to the Human Resources Section of the University to use their annual leave.

If a staff member does not have enough accrued annual leave days to cover any private days in a trip, the private days will need to be taken as un-paid leave days.

Non-business weekend day

A non-business weekend day is any day of the week while a staff member is travelling which is a day of the week on which the staff member would not normally work for the University and on which less than three (3) hours University business has been undertaken.

For further information of the classification of days, please see the FBT-Counting Days Fact Sheet.

How much FBT is charged?

Where FBT is levied it will be approximately 100% of the costs on which it is levied.

Who pays the FBT?

The University pays the FBT, with the cost charged back to the Cost Centre from which the original costs which incurred the FBT were paid.

Where the originating account is a Consultancy account, the FBT will be charged to that Consultancy account.

Reportable benefits

Where a staff member is provided a total of \$2,000.00 or more of combined benefits by the University in any single FBT year (01 Apr – 31 Mar), the grossed up value of the benefits is required to be reported on the individual staff members Payment Summary.