

An FBT reporting exclusion for personal security concerns



The ATO has plans in place that it can put into operation to relieve certain employers from reporting all the fringe benefits they provide to staff. The measure however is only triggered where it can be shown that employees' personal safety is at risk or under threat.

Note that the term "security concerns" in relation to the personal security of an employee also takes in associates of that employee (for example, a relative). Such concerns may arise from (but are not restricted to) threats of death, assault, kidnapping or serious bodily harm.

Providing benefits in the form of personal security measures to protect an employee and their family at their home is considered to be a taxable fringe benefit. Relevant measures can include, but may not be limited to:

- residential burglar alarms
- personal protective equipment
- protective modifications to a car
- drive-by security patrols
- body guards.

It is generally the case that if the total taxable value of certain fringe benefits provided to an individual employee in an FBT year (1 April to 31 March) exceeds

\$2,000, an employer must record the grossed-up taxable value of those benefits in their employee's

income statement (payment summary) for the relevant income year.

However, subject to certain conditions, a fringe benefit provided to address security concerns relating to the personal safety of an employee (or associate) may be an excluded fringe benefit. This means the employer:

- *is not required* by the ATO to report these fringe benefits on income statements, but
- *is required* to pay FBT on the taxable value of the benefits provided.

For the reporting exclusion to apply, the ATO requires that:

- the benefit must address a security concern that relates to the personal safety of an employee (but not their property)
- it is in respect of their employment
- the benefit provided is consistent with a threat assessment made by a person recognised as competent to make such assessments (more below)

Security concerns may also arise even though there are no demonstrated threats by identified individuals.

The ATO accepts, for example, that concerns may arise due to the nature of an employee's responsibilities and operational duties, or the contacts an employee makes in the course of these duties.

Threat assessments must be provided by a person who is recognised as being competent to do so by a relevant accrediting industry group or government body. But note that in the absence of a relevant

industry or government body, the Commissioner of Taxation has the discretion to recognise a person as capable of carrying out threat assessments.

Employers seeking to have the ATO exercise this discretion must make the request in writing and should include the full name, qualifications and experience of the person seeking to make the threat assessment.

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