

Motor Vehicle – FBT Year End

What happens at the FBT year end?

- Selectus will write to you and ask you to complete the FBT Declaration as at 31 March, which is the end of the FBT year.
- Your FBT year will start on one of the following:
 - 1) 1 April each year; or
 - 2) the day you collected your vehicle (if in the first year of your lease); or
 - 3) if starting with a new employer and you have an existing lease, then it is the first day of employment with your new employer.
- You must complete and return the FBT declaration to Selectus by the 7th April. (*Instructions on how to do this are at the end of this factsheet*)
- If no information is provided to Selectus regarding the opening and closing odometer readings, FBT legislation requires Selectus to calculate your FBT liability using the highest statutory fraction of 26%.
- You will need to declare the number of days the vehicle was unavailable for private use during the period the vehicle was held in the FBT year. Generally, the vehicle is unavailable for private use when undergoing service or repairs for more than 2 days (the days you drop off the car and pick up the car cannot be counted as “days unavailable”). N.B. you must still travel your estimated kilometres even if the vehicle is unavailable for a number of days.
- On the FBT declaration you will need to declare the amount of any employee contributions made during the period of the FBT year the vehicle was held. This contribution is the payments made by you in after-tax dollars for running costs of the motor vehicle that were not reimbursed by the Fleet Provider, Selectus or your employer. Running costs include: petrol and oil, motor vehicle servicing, auto club fees, insurance premiums and insurance excesses on motor vehicle claims, motor vehicle repairs (not improvement), motor vehicle washes, motor vehicle registration, motor vehicle air fresheners and deodorisers, and motor vehicle wax and leather protection products.
- *Any after-tax deductions made through salary packaging i.e. Recipient Payments will be reported to Selectus separately, therefore, do not include these in your FBT declaration.*
- Selectus will reconcile and calculate your annual kilometres, days available, FBT deductions and any employee post-tax contribution. Selectus will produce detailed reports for your Employer. These reports provide information on the FBT liability and any Reportable Fringe Benefits (see over for more information on RFB).
- Your Employer will use the information supplied by Selectus to complete their annual FBT return.





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Disclaimers and Disclosures

The provisions of this Fact Sheet and the benefits of packaging your salary using Selectus are subject to the provisions of your employment contract and your employer's policy regarding remuneration packaging.

This Fact Sheet is based on taxation and other laws that are current as at 1 July 2009. It contains general information only which is based on the continuance of present laws and rulings and their interpretation.

The information in this Fact Sheet is not intended as professional advice. You should obtain independent legal and financial (including taxation) advice on salary packaging as it affects your individual circumstances.

Applications must be approved by the Leasing Company or Fleet Manager concerned.

How does reducing the number of days the motor vehicle was available impact upon my FBT?

- The taxable value of the motor vehicle is reduced in proportion to the number of days the vehicle was unavailable over the total number of days in the FBT year.
- For example, if the taxable value for full FBT year is \$3500, where a motor vehicle is held and available for a full 365 calendar days, and you had gone overseas for 30 calendar days **and the vehicle was stored appropriately**, your taxable value would be equivalent to $\$3500 \times \frac{335 \text{ cal. days}}{365 \text{ cal. days}} = \3212.33 .
- Reducing the number of days available does not reduce the amount of kilometres you are required to travel to reach your initial estimation.
- To qualify for declaring the vehicle was unavailable for these 30 calendar days, the vehicle would need to be stored either on your Employer's premises or in a commercial motor vehicle park and all sets of keys handed into an appropriate Employer representative (e.g., an office Manager or HR/Finance representative). If Employer storage space is unavailable taking advantage of this feature may prove problematic as the costs of commercial motor vehicle parking may outweigh the savings in FBT.

What happens if I finish with one motor vehicle and start a new motor vehicle during the same FBT year?

The distance travelled by each motor vehicle is looked at in isolation, i.e., the distance travelled by both motor vehicles is **NOT** added together to assess the distance travelled over the total period both motor vehicles were held.

What happens if I leave my Employer during the lease period or my lease terminates during the FBT year?

If you leave your Employer, during the course of the lease, the Deed of Novation will be automatically terminated and the lease obligations will return to you.

If your lease was terminated or expired during the course of the FBT year:

- You will need to complete the FBT Declaration as at your last day of work or the last day of the lease. Your calculations for FBT purposes will be based on the annualised kilometre formula as described later and may affect the statutory fraction used.
- You will need to return this odometer reading ASAP. If Selectus do not receive the declaration, your FBT liability will be calculated at 26% of the purchase price of your vehicle as per ATO instructions.
- When changing employers, you may be able to re-commence your novated lease with the new employer. You will need to discuss this option with your new employer.

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How does an employee ensure that they are on track to meet their estimated kilometres?

Note:

The days your salary packaged motor vehicle is unavailable does not affect the number of kilometres your motor vehicle should travel in an FBT year.

For example, if you have nominated that your vehicle will travel an estimated 25,000 kilometres in an FBT year and during the FBT year your vehicle was unavailable for one month (as defined above) you will still need to travel 25,000 kilometres over 11 months.

The calculation of annualised kilometres is not affected by the number of days that the motor vehicle is unavailable for private use. However, the FBT Value will be reduced by the number of days unavailable.

Complete this work sheet to determine your annualised kms

Step 1: Determine the total kilometres traveled.

Opening odometer reading = kms

Closing odometer reading = kms

Formula:

Closing odometer minus Opening odometer equals Total kms

Total kilometres = (A) kms

Step 2: Days in the FBT year

Days in the FBT year (B) = 365 (366 in a leap year)

Days vehicle held in the FBT year = (C)

This may not be 365, if the lease started after 1 April or the lease ended prior to 31 March

Step 3: Apply the formula

$$\frac{\text{Total Kilometres (A) X Days in FBT year (B)}}{\text{Days vehicle held (C)}}$$

(A) kms X 365 (B) = (D) kms
 (C)

Step 4: Result

Annualised kilometres travelled = (D) kms

Now check whether your annualised kilometres fall into the same statutory fraction as you had initially estimated.

Kilometres traveled during the FBT year	Statutory value	Annualised Kilometres as calculated above (D)
0-14,999	26%	
15,000 - 24,999	20%	
25,000 - 40,000	11%	
> 40,000	7%	

Of course, if you have a fully maintained lease through Selectus Managed Services, you can login to the Selectus website and find out your current position based on odometer readings provided by you when you purchased fuel.

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What do you do if you are not on target to fall into the same statutory fraction initially estimated?

Where do I find detailed information on Salary Packaging a motor vehicle?

- Read the Motor Vehicle Fact Sheet
- Call Selectus on 1300 01 02 03.

If you are NOT travelling your estimated kilometres you have a number of options:

1. Make up the kilometres shortfall prior to end of the FBT year (i.e., before 31 March), or
2. Calculate a new value for the number of kilometres you expect to travel and alter your salary package. Advise Selectus to take into account the new projected kilometres. If the kilometres you expect to travel result in a higher statutory fraction being used to calculate your FBT then you should arrange one of the following –
 - a. Increase the post-tax employee contributions
 - b. Increase the Recipient Contribution portion of your Lease payment (this will decrease the Pre-tax portion of the Lease payment)
 - c. Arrange for additional FBT deductions to be included in your salary package

If you are travelling MORE THAN your estimated kilometres you have a number of options:

1. Reduce your employee contributions prior to end of the FBT year (i.e., before 31 March), or
2. Calculate a new value for the number of kilometres you expect to travel and alter your salary package. Advise Selectus to take into account the new projected kilometres. If the kilometres you expect to travel result in a lower statutory fraction being used to calculate your FBT then you should arrange one of the following-
 - a. Arrange for your FBT deductions to be reduced in your salary package
 - b. Decrease the Recipient Contribution portion of your Lease payment (this will increase the Pre-tax portion of the Lease payment)
3. Make no change and carry forward the post tax contribution credit into following FBT years.

If you are falling short of the kilometres or employee contributions estimated and you don't take action, your FBT liability may be greater than you expected.



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Tips and Traps

The kilometre usage of your vehicle is assessed over the FBT year, not the 12 month anniversary of when you collected the vehicle. The normal periods that your use is assessed over:

- the day you collected the vehicle to the next 31 March;
 - 1 April to the day you finished the lease, before the next 31 March; and
 - the full FBT year 1 April to the 31 March.
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Reportable fringe benefits

- Normally, a salary packaged motor vehicle will give rise to a Reportable Fringe Benefit RFB on your payment summary (group certificate) based upon the vehicle's taxable value. Employee post tax contributions (through payroll or your own payments) eliminate some or all of the FBT taxable value and therefore may eliminate the RFB. If the amount of employee post tax contribution is equivalent to the taxable value of the vehicle your taxable value will be nil and you will not have a RFB on your payment summary for the vehicle.
- Please contact Selectus if you think your current payroll deductions, used to eliminate your FBT liability, require amending.

What happens if I go overseas for a month and no one drives my motor vehicle?

- For a full FBT year, instead of having 12 months to do your planned kilometres you only have 11 months to do so. Let's assume you estimated that you would travel 25,000 kms p.a. You would need to average 69 kilometres per day (25,000 kms/365 days). If you went overseas for 30 days your average use per day will now rise to 75 kilometres per day (25,000 kms/335 cal.days).
- In other words, your annual kilometre usage is not pro rated simply because you were overseas.
- The only times your annual kms are pro-rated are the year you start the lease and the year the lease ends.

FBT Year End Process

Submitting your FBT Year End Declaration via the Selectus web site

You can now submit your FBT Year End Declaration by simply going to the Selectus web site and entering your login details.

www.selectus.com.au

Click on the 'Vehicle FBT Management' icon and choose 'Submit End of FBT Year Declaration'.

Read through the Introduction and Checklist before clicking 'Continue'

Read through the Definitions and Formulas before clicking 'Continue'

You will need to:

- Enter your odometer reading as at 31 March (End of the FBT Year).
- The number of days the vehicle was unavailable for you to use during the FBT year if your vehicle was in a repair shop for over two days.
- Enter the total amount of Employee Contributions for the FBT year.
- Make sure all the boxes have a value, even if the value is 0
- Click on the 'Submit FBT Declaration' button.

Once you have submitted your FBT Year End Declaration electronically, you will need to print off a copy, sign and date the declaration and fax it back to Selectus.



Selectus



<http://www.selectus.com.au>