

Marginal tax rate of taxpayers with reportable fringe benefits

grade_taxinc	Count(TFN)	Sum(RPT_FRNG_BI	MTR	New Tax
1. less than 25000	86,732	1,745,287,525	0	0
2. less than 180000	553,711	8,157,539,955	0.35	2,855,138,984
3. greater than 180000	45,003	1,020,866,910	0.45	459,390,110
	685,446	10,923,694,390		3,314,529,094
				30.3%

Australian Taxation Office Fringe Benefits Tax 1996-2010 Table 1 Summation Options by FBT Year

	FBT Year 2007	FBT Year 2008	FBT Year 2009
Type 1 aggregate_Ind	55,133	53,106	48,965
Type 1 aggregate_Amt	2,883,839,920	2,835,886,392	2,708,959,365
Type 2 aggregate_Ind	20,222	17,841	16,007
Type 2 aggregate_Amt	1,184,677,802	1,199,839,990	1,244,548,775
Total	4,068,517,722	4,035,726,382	3,953,508,140
Percentage type 1	70.9%	70.3%	68.5%

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Australian Taxation Office Web page: www.ato.gov.au

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\$m	2009-10	2010-11	2011-12	2012-13
FBT	3,390	3,520	3,720	3,970
FBT rate	46.5%			
Taxable value	7,570			
Market value	3,780			
1. Tax on benefit	1,147			
2. Increase in personal tax	1,068			
	2,215			
FBT foregone	3,520			
Revenue impact	-1,305			

Impact of Defence Force exemptions

Exemption for benefits received by Australian Government employees in receipt of military compensation payments

Assumptions		
Value of payments in 2010-11		
\$m		71
MTR		Gross up factor
35%		1.538462

Income level required to compensate
\$m 109

Extra income tax
\$m 38

Currently paying \$71m, an extra \$38m outlay in wages would be needed to compensate defence force personnel but would be clawed back through extra income tax. Gain to revenue matched by equal loss to outlays

War service loans provided under the Defence Services Homes Act 1918

Department of Veterans Affairs Portfolio Budget Statements Special Appropriations		
		Defence Service Homes Act 1918
2010-11		
\$m		3
MTR		Gross up factor
35%		1.538462

Income level required to compensate
\$m 4.6

Extra income tax
\$m 1.6

Exemption for health care benefits provided to members of the Defence Force

		2010-11
Value of health care benefits		\$m
Veterans Affairs		4873
Defence		295
Defence		
MTR		Gross up factor
35%		1.538462

Income level required to compensate current defence
\$m 453

Extra income tax 159

Assume no change to Veterans, i.e they will still get benefits and govt is already paying for these so no change to bottom line even though there may be a difference to how the veteran receives the benefit?

Summary

Income tax

Gain to revenue
200

Government outlays

Increase in outlays
200

MTR 35%

All data from TES 2009, using 2010-11 year
\$m

2010-11 values

Assume persons in NFP sector have to "cash out" on their benefits

Capped exemption for public and not-for-profit hospitals

Taxable value of benefits 1,651

578

Capped exemption for public benevolent institutions

Taxable value of benefits 1,775

621

Capped exemption for charities promoting the prevention or control of disease in human beings

Taxable value of benefits 156

54

Fringe benefits provided to employees of religious institutions

value of benefits 392

137

Partial rebate for certain not-for-profit, non government bodies

2010-11 0.48

Data

Rebate amount	103	Non rebatable amt	20
	216		

rebate = .48 * (gross tax - non rebatable amt)

103 = .48 * (gross tax - 20)

<i>Therefore</i>	
Gross tax	236
Grossed up value	507
Taxable value	259
Net FBT	132
Tax on taxable value	91
Cash out FBT currently payable	46
Cost to revenue	5

Meal entertainment

Market value 389

136

From costing model for ATO minute 540-2009.

Untimed.

Salary sacrifice

Revenue Impact	2009-10	2010-11	2011-12	2012-13	2013-14	Total
FBT	0	-12	-11	16	34	28
Company	0	0	0	0	0	0
ITW (inc timing)	0	134	348	576	745	1,804
Total	0	123	337	592	780	1,832
GST	0	15	39	66	86	206

Emp provided

By HOR	2009-10	2010-11	2011-12	2012-13	2013-14	Total
FBT	0	-28	-36	6	32	-25
Company	0	0	-15	-51	-103	-169
ITW (inc timing)	0	27	70	116	151	364
Total	0	0	19	72	80	170
GST	0	1	3	6	8	19

Total	2009-10	2010-11	2011-12	2012-13	2013-14	Total
UCB (excluding GST)	0	122	356	664	859	2,002

Assumptions	MTR	35%
	FBT rate	45%
	company tax rate	25%
	Percentage of taxable companies	90%

Removing certain concession and exemptions

\$m

Private use

quantifiable

	Cost of benefit less employee contributions	Gain to revenue
D18 Discounted Valuation of stand-by travel for airline employees and travel agents	39	14
D33 Discounted valuation for car parking fringe benefits	58	20
D26 Exemption for small business employee car parking	27	9
		45

unquantifiable TES

		TES estimate		Gone with the 30% range mark
		lower range	Upper range	
D11 Exemption for employer contributions to secure childcare places in certain centres	1+	1	10	3
D35 Exemption for airline employees on stand by flights	2+	10	100	30
D36 Exemption of benefits in relation to compassionate travel	1+	1	10	3
D5 Reduction in taxable value for education costs of children of employees posted overseas	1+	1	10	3
D31 Concession for holiday transport for employees and their families posted overseas or to Australia	1+	1	10	3
D47 Reduction in taxable value for remote area holiday benefits	1+	1	10	3
D25 Exemption for certain loan benefits	1+	1	10	3
D39 Exemption for employer-provided motor vehicle parking	2+	10	100	30
D40 Exemption for engagement of a relocation consultant	1+	1	10	3
D46 Exemptions for employees living away from home	2+	10	100	30
		37	370	111

Incidental use

quantifiable TES

	Taxable value of benefits	FBT revenue	Company d	Revenue gain
D16 Exemption for free or discounted commuter travel for employees of public transport providers	94	42	17	25
D17 Exemption for free or discounted travel to and from duty by police officers on public transport				5
D38 exemption for eligible work-related items	65	29	21	8
D32 Discounted valuation for board meals	28	13	9	3
D27 Record keeping exemption
				40

Unquantifiable TES

		TES estimate		Gone with the 30% range mark
		lower range	Upper range	
D1 Exemption for benefits provided by certain international organisations	1+	1	10	3
D9 Exemption for accommodation, fuel and meals for live-in employees caring for the elderly or disadvantaged	1+	1	10	3
D7 Exemption for travel costs of employees and their families associated with overseas medical treatment	1+	1	10	3

D10 Exemption for emergency assistance	1+	1	10	3
D13 Exemption for safety award benefits up to \$200 per year per employee	1+	1	10	3
D15 Exemption for employee taxi travel arriving at or leaving from place of work	2+	10	100	30
D19 Exemption for certain long service awards for more than 15 years of service	1+	1	10	3
D20 Exemption for certain relocation and recruitment expenses	2+	10	100	30
D21 Exemption for compensation-related benefits, occupational health and counselling services and sor	2+	10	100	30
D29 Exemption for certain benefits provided to live-in employees who provide domestic services and are	2+	10	100	30
D42 Exemption for minor private use of a company motor vehicle	1+	1	10	3
D44 Exemption for the provision of food and drink in certain circumstances	1+	1	10	3
D45 Exemption for transport for oil rig and remote area employees in certain circumstances	1+	1	10	3
D22 Reduction in taxable value for reimbursements of car expenses incurred for occupational health and	1+	1	10	3
D23 Reduction in taxable value of certain relocation and recruitment expenses	2+	10	100	30
		60	600	180

Mix of both				Gone with the 30% range mark
D12 Exemption for recreational or childcare facilities on an employer's business premises (recreational li	2+	10	100	30
D34 Discounted valuation of arm's length transaction price for in-house property and residual fringe bene	N/A	?	?	500
D43 Exemption for private use of business property	3+	100	1000	300
				30

Summary

Taxable FBT		-1,305	
Defence	Income tax	200	
Cars		859	
Exemptions	quantifiable	85	
	unquantifiable	321	
<i>plus</i>	in house benefits	0	Assumed
NFP		1,532	
Total revenue		1,690	
Defence	Government outlays	-200	
Total		1,490	