

# FBT news

## Fringe benefit tax quarterly return

Please use the FBT guide (IR 409) to help you complete your return, or call us on 0800 377 772.

IRD number  
12-345-678  
Quarter ended  
31 March 2007  
This return and any payment are due  
31 May 2007

## Welcome to FBTnews

In this issue we look at shareholder-employees remuneration, attributed and non-attributed benefits, and FBT and large employers. If you have an FBT topic you'd like to see covered in this newsletter, please write to the Editor, FBT News, PO Box 2198, Wellington 6140 or email us at [fbt.news@ird.govt.nz](mailto:fbt.news@ird.govt.nz) and we'll aim to cover it in a future edition.

## Completing your FBT return for the period ending 31 March 2008

When completing your fourth quarterly (IR 420) return please note that you need to complete section C, not section B as you do in all other quarters. Section C tells us the FBT rate option you're using overall for the year ending 31 March 2008.

The options available are:

- If you paid FBT at 64% in each of the three previous quarters you can use the 64% rate or the multi-rate in quarter four.
- If you paid FBT at 49% in any of the previous three quarters, you must complete the multi-rate calculations in the fourth quarter.

If you're filing an IR 422 annual return, you have the choice of either paying FBT at 64% flat rate or applying one of the multi-rate calculations.

## Due date for filing and paying your fourth quarter or annual return

31 May 2008 is the due date for filing and paying both the fourth quarter and annual returns for the year ended 31 March 2008.

## Shareholder-employees' remuneration or attributed income unknown for period ended 31 March 2007

Where you elected to use the 49% flat rate in your fourth quarter or annual return for the period ended 31 March 2007 for shareholder-employees, and you did not have all remuneration or attributed income details, you must make an adjustment using the full multi-rate calculation. Include this in your return for the period ended 31 March 2008. You can use the remuneration adjustment worksheet available on [www.ird.govt.nz](http://www.ird.govt.nz) to calculate the adjustment required.

For each shareholder-employee you'll need the following information:

- total attributed benefits provided for the period ended 31 March 2007
- last year's income
- the amount of FBT paid in last year's return.

The adjusted figure along with the amount calculated on your multi-rate calculation sheet, will give you the amount of FBT to show on your FBT return for the period ended 31 March 2008. Remember to tick "FBT to pay" or "FBT refund".

## Fringe benefit tax annual return (IR 422)

This is the return for employers (including companies) who have elected to file annual returns. The period covered by this return is from 1 April to 31 March. It is due on the following 31 May.

### Election to file annual returns

You can only file annual returns if your gross annual tax deductions (not including earner's levy) and SSCWT deductions are \$100,000 or less. You can elect to file annual returns by completing the online FBT election form or you can call us on **0800 377 772**. If you want to elect to file annual returns for the year ended 31 March 2009, you must make an election by 30 June 2008.

You can only file annual returns if your gross annual tax deductions (not including earner levy) and SSCWT deductions are \$100,000 or less, or if you were not an employer in the preceding tax year.

We cannot accept late elections. If your election is late, we'll let you know and you'll have to continue filing quarterly returns until the next financial year.

### Attributed and non-attributed benefits

Attributed benefits are fringe benefits that an employee has principal use or enjoyment of during the year, for example a motor vehicle, and benefits where the annual taxable value is more than \$1,000. If you use the multi-rate calculations you must attribute fringe benefits as follows:

#### • Full multi-rate calculation

You're required to attribute fringe benefits to the employee receiving them. FBT will then be calculated according to the employee's total remuneration package.

#### • Short-form multi-rate calculation

All attributed benefits received by any employees are combined and FBT is calculated on the total value of attributed benefits at 63.93%.

## Non-attributed benefits

The following benefits do not have to be attributed to the particular employees who receive them:

- Subsidised transport of a taxable value of less than \$1,000 per employee per year
- Employer contributions to superannuation, where specified superannuation contribution withholding tax (SSCWT) does not apply, and insurance funds of less than \$1,000 per employee per year
- Benefits from loans on life insurance policies
- Benefits that it is not possible to attribute to particular employees (eg pooled vehicles)
- Benefits provided to ex-employees
- Contributions to a sick, accident or death benefit fund less than \$1,000 per employee per year
- Any other benefit with a taxable value of less than \$2,000 per employee per year.

## Note

If a benefit in a category is attributed to one employee, all benefits of that category must be attributed.

Non-attributed benefits provided to ordinary employees are taxed at a flat rate of 49%. Non-attributed benefits provided to major shareholder-employees are taxed at 64%.

## Note for quarterly filers

In this quarter you'll need to check the non-attributed benefits to ensure that the annual taxable value of the employee's benefits in a particular category is less than the thresholds for attributed fringe benefits.

## Fringe benefit tax and large employers

If you're a **large employer**, you must account for your fringe benefit tax (FBT) quarterly, using the IR 420 return. You don't qualify for the income year return (IR 421) or the annual return (IR 422).

Your returns (together with any payments) are due as follows:

| Return    | Due date  |
|-----------|---|
| March     | 31 May (the later date in May is to give you time to do any multi-rate calculations.) |
| June      | 20 July   |
| September | 20 October  |
| December  | 20 January  |

Liable for FBT, but not receiving quarterly FBT returns? Please call your account manager, or 0800 443 773, and we can arrange to send the returns out to you, and at the same time, update our records.

Remember that you may need to pay goods and services tax (GST) on some of the fringe benefits you provide. You account for the GST in Box 7 of your FBT return. Page 49 of our booklet *Fringe benefit tax guide (IR 409)* explains how to do the calculation. Note that you divide the FBT taxable value figure by nine (after removing any GST zero-rated or GST-exempt fringe benefits). We're finding that some of our customers are doing this calculation incorrectly.

## FBT prescribed rate on low-interest loans

For the quarter beginning 1 April 2008, the prescribed rate used to calculate fringe benefit tax on low-interest employment-related loans is 10.57%. This is an increase from the previous quarter rate, which was 10.37%.



Alan Quinn  
Manager  
Customer Insight



Inland Revenue  
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