



Inland Revenue
Te Tari Taake

IR 409
April 2026

Fringe benefit tax guide

Information to help you with FBT

Introduction

This guide is about managing your employer obligations when you provide fringe benefits to employees. We explain what fringe benefits are, how to work out the amount of fringe benefit tax (FBT) to pay, and how to complete and file your FBT returns.

In this guide, unless otherwise specified, employee includes:

- ordinary employees
- shareholder-employees
- some major shareholder-employees.

Fringe benefits provided to an associate of an employee are taxed as though they were given to the employee, not the associate.

For more information, go to [general terms](#) on page 6.

Changes to note

Alternate rate calculations

There are changes to the alternate rate calculations for FBT returns:

- quarter 4 FBT returns (IR420)
- income year FBT returns (IR421)
- annual FBT returns (IR422).

The calculation changes also apply to final quarterly returns if you stop employing staff or stop providing fringe benefits in any quarters. For more information about the changes, go to [full alternate rate calculations](#) on page 38.

Investment boost

From 1 April 2026, new fringe benefit valuation rates apply to the tax book value for vehicles if the Investment Boost is claimed. For more information, go to [Part 2 Motor vehicles](#) on page 11 .

Gift cards

From 16 April 2025, employers have the option to treat gift cards under the FBT rules, or as employee income for PAYE. For more information, go to [Part 3 Unclassified benefits and gift cards](#) on page 20.

Reimbursement of employee personal expenses

From 1 April 2026, you can choose to treat reimbursing personal expenses as PAYE income or as an unclassified benefit. For more information, go to [Part 3 Unclassified benefits and gift cards](#) on page 20.

Unclassified benefits

Clarification to the categories of fringe benefits. This change applies retrospectively from 1 April 2022. For more information, go to [Part 3 Unclassified benefits and gift cards](#) on page 20.

Specified insurance premiums for global insurance policies

From 1 April 2026, you can choose to pool the value of the fringe benefit, when all employees have the same or similar entitlement. For more information, go to [Part 6 Employer contributions to funds, insurance and superannuation schemes](#) on page 35.

myIR FBT worksheet return filing option

If you use the myIR FBT return worksheet option, you may notice some differences to information in this guide, and on our website.

- Unclassified benefits and gift cards – the exemption field in myIR will be renamed limit, to align with legislation
- Alternate rate worksheets and FBT calculation – various field name changes to improve information.

We're currently working through when these changes will be completed and apologise for any inconvenience this may cause.

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Part 1 – Fringe benefits overview

A fringe benefit is a non-cash benefit provided by an employer or a 3rd person to an employee. If you provide fringe benefits to employees, FBT may be payable unless an exemption or exclusion applies.

You must file FBT returns quarterly or yearly and pay the tax by the due date.

Fringe benefit categories

Fringe benefit categories include:

- motor vehicles available for private use (part 2)
- unclassified benefits (such as free, subsidised, or discounted goods and services) and gift cards (part 3)
- subsidised transport (part 4)
- low-interest loans (part 5)
- employer contributions (part 6) to
 - sickness, accident or death benefit funds
 - funeral trusts
 - life, accident or medical insurance policies
 - superannuation schemes where employer superannuation contribution tax (ESCT) or PAYE rules do not apply.

Registering for FBT

You're required to register for FBT when you provide fringe benefits to employees.

If you're already providing fringe benefits but have not yet registered, you'll need to backdate your registration to when you started providing benefits. You'll also need to file returns for the backdated periods and pay the FBT.

Register and file FBT returns in myIR

In myIR:

- your personal details are completed, and information is tailored for you, so you only complete what you need to
- myIR does most of the calculations for you, making it easier and more accurate
- when you file your returns, you get a confirmation receipt when you submit them
- you can amend returns in myIR if you make a mistake.

To register for myIR, go to ird.govt.nz/myIR

If you have myIR already, you can register for FBT. Go to myIR > I want to... > Register for new accounts.

Other ways to register

You can register for FBT at the same time as you register as an employer by completing an **Employer registration – IR334**.

Go to ird.govt.nz/forms-guides or call us on 0800 377 772.

FBT if you're a charity

Charitable organisation exemption

Generally, charities are exempt from paying FBT on benefits provided to employees while carrying out their charitable activities. For example, if an employee uses your organisation's car while doing charitable work, FBT does not apply to any private use benefit they receive.

When your charity may need to register for FBT

You may need to register for FBT if your charitable organisation:

- provides short-term charge facilities to employees
- operates a business outside your charitable, benevolent, cultural or philanthropic purpose.

Short-term charge facilities

The charitable organisation exemption may not apply if you provide short-term charge facilities to employees to obtain goods or services that have no connection with your organisation or its operations by:

- buying or hiring the goods and services
- charging the cost of the goods or services to an account
- providing consideration other than money for the goods and services.

Your organisation must also provide some or all the payment or other consideration for the goods and services. Some examples of these charge facilities include:

- credit cards
- other short-term credit facilities such as petrol and store accounts your organisation is liable to pay.

Short-term charge facilities are an unclassified benefit. They exclude employment related loans to employees.

Limit for short-term charge facility provided by a charity

If you provide short-term charge facilities to your employees, FBT may apply. For more information go to [Limit for short-term charge facility provided by a charity](#) on page 24.

Charitable organisations operating a business outside the charitable purposes

When you provide benefits to an employee mainly in connection with their employment, FBT applies only to the portion of any benefits they receive connected to work done in a business activity outside your charitable, benevolent, cultural or philanthropic purposes.

The non-charitable business must register for FBT, if it provides fringe benefits to employees, such as a car as part of a salary package. FBT applies to any private benefit.

For more information go to taxtechnical.ird.govt.nz - [BR Pub 22/06 FBT - Charitable and Other Donee Organisations and Fringe Benefit Tax](#)

Deregistered charities

A deregistered charity is not exempt from FBT if fringe benefits are provided to employees.

FBT applies from the date of deregistration if your charity:

- is voluntarily wound-up and removed from the charities register, the FBT exemption no longer applies from the date it's removed
- fails to comply with its constitution, the FBT exemption no longer applies from the date of non-compliance.

For more information about deregistration, go to the **Charities and donee organisations – IR255**

If your organisation is not already registered for FBT, you will need to do this if you're providing fringe benefits to employees.

Cash benefits and allowances

You do not pay FBT on cash benefits such as salary and wages paid to employees, and interest and dividends paid to shareholder-employees.

Reimbursements

Reimbursing employees for personal expenses is a cash benefit. Cash benefits are included with normal salary and wages. PAYE is deducted from the grossed-up payment and no FBT applies.

Note

You can choose to treat the reimbursement of **personal expenses** as an unclassified benefit under FBT rules. This is only for a personal expense that would be an unclassified benefit if you provided it directly to your employee. For more information go to [Part 3 Unclassified benefits](#) on page 20.

You do not deduct PAYE if you choose the FBT option.

If your employee pays for business related expenses and you reimburse the same amount, there is no FBT or PAYE.

Cash allowance

If you pay a cash allowance for work-related costs or supply non-cash benefits in place of a tax-free allowance, no FBT is payable.

Example

An employer provides their mechanics with tools instead of paying them an allowance to supply their own. This is a non-cash benefit and no FBT is payable.

If the mechanics are paid an allowance to cover the cost of supplying their own tools, this is a cash allowance reimbursing the employees for work-related costs and no FBT is payable.

If you're not sure if a cash allowance or an equivalent benefit is tax free, you can send a message in myIR or call 0800 377 772.

For more information about paying taxable and non-taxable allowances, see our **Employer's guide – IR335**, go to ird.govt.nz/forms-guides

Quarterly returns (IR420)

All employers can file quarterly FBT returns — no election is required. You must file quarterly unless we have approved an election to file income year or annual returns.

Income year returns (IR421)

You can elect to file income year returns if you're a close company providing fringe benefits to shareholder-employees, and if in the **preceding income year, 1 of the following applies:**

- your annual gross PAYE (excluding ACC earners' levy) and employer superannuation contribution tax (ESCT) deductions were \$1,000,000 or less, or
- you only provide motor vehicles for private use to shareholder-employees, and the benefit is limited to 1 or 2 vehicles, or
- you were not an employer.

Making an income year return election

- If you're an existing close company, you must make an election by the last day of the 1st FBT quarter in the income year the election applies to.

Example

An existing company with a 30 September balance date must elect by 31 December 2025 to file an income year return for the year ending 30 September 2026.

- If your company is a new employer, you must make an election by the last day of the quarter you started employing in the income year the election applies to.

Example

A company with a 30 June balance date starts employing on 1 July 2025. The company must make an election by 30 September 2025 to file an income year return for the year ending 30 June 2026.

Annual returns (IR422)

You can elect to file annual returns if you provide fringe benefits to employees who are not shareholder-employees, and if in the **preceding tax year** 1 of the following applies:

- your annual gross PAYE (excluding ACC earners' levy) and employer superannuation contribution tax (ESCT) deductions were \$1,000,000 or less, or
- you did not employ any employees.

Making an annual return election

- If you are an existing employer, you must make an election by 30 June in the year it applies to.

Example

A business wants to file their 1st annual return for the year ending 31 March 2026, they must make the election by 30 June 2025.

- If you are a new employer, you must elect by the last day of the quarter you started employing.

Example

A new business starts employing on 10 October 2025. They must make an election by 31 December 2025 to file their 1st annual return for the year ending 31 March 2026.

How to make an election for income year or annual FBT returns

You can make an election to change your filing frequency in myIR. Go to your FBT account panel, select More... > Manage account > Change FBT filing frequency.

If you're not registered for myIR, send your election to us in writing.

Note

We do not accept late elections. If your election is late, we'll notify you it has not been accepted. You must continue to file quarterly returns until the end of the tax or income year.

Dual filing options

You have an option to file FBT returns with different filing frequencies. You must elect to file dual FBT returns, meeting the conditions for income year and annual returns.

Option	Returns required
Quarterly and income year	<ul style="list-style-type: none"> Quarterly for ordinary employees Income year for shareholder-employees
Quarterly and annual	<ul style="list-style-type: none"> Quarterly for shareholder-employees Annual for ordinary employees
Income year and annual	<ul style="list-style-type: none"> Annual for ordinary employees Income year for shareholder-employees

Due dates for filing returns and paying FBT

File your returns and pay the FBT by the due date. If the due date falls on a weekend or public holiday, you have until the next working day to pay the FBT.

Quarterly return and payment due dates

Quarter	Return period	Due date for filing and paying FBT
1	1 April to 30 June	20 July
2	1 July to 30 September	20 October
3	1 October to 31 December	20 January
4	1 January to 31 March	31 May

Income year return and payment due date

The return period is the same as your company's income tax return period. The due date for filing and paying FBT is the same as your company's end of year income tax payment due date.

Example

If you have a 30 June balance date, the FBT income year return period is 1 July to 30 June. The due date for filing and paying is 7 February following the end of the income year (if no extension of time applies).

Annual return and payment due date

The return period is from 1 April to 31 March. The due date for filing and paying FBT is 31 May, following the end of the return period.

General terms

Alternate rate

If you file quarterly returns you can choose to calculate and pay FBT using the alternate rate of 49.25% in any or all the 1st 3 quarters. In quarter 4 there are 3 options for calculating the final amount of FBT payable, the full alternate rate, short form alternate rate and pooled alternate rate.

Associated persons

For FBT purposes, an associated person includes a person associated with the employer or employee:

- within 2 degrees of blood relationship or 1 person is within 2 degrees of blood relationship to the other person's spouse, civil union partner or de facto partner (1 degree is your parent or child, 2 degrees is your grandparent, grandchild or sibling)
- by marriage, civil union or de facto relationship
- in a business partnership
- by holding voting or market value interest of 25% or more in a company.

Note

Fringe benefits provided to an associate of an employee are taxed as though they were given to the employee, not the associate.

Attributed fringe benefits

These are non-cash benefits provided by an employer to specific employees rather than pooled across multiple employees. See page 9 for more information about [attributed fringe benefits](#).

Attributed income

This is income for services provided by a person, paid to an associated entity such as a trust or company. Although it is paid to the associated entity, under the attribution rule, the net income (after expenses) of the entity, is treated as gross income of the person who provided the services.

The FBT definition of cash remuneration includes any amount of attributed income under the attribution rule.

Cash remuneration (income)

For FBT purposes, cash remuneration includes:

- salary or wages
- lump sum bonuses
- schedular payments
- income other than from a PAYE income payment to a shareholder-employee
- attributed income
- payments to some specified office holders.

These include amounts from a related employer such as a division or branch, or person associated with the employer. Some special conditions apply for major shareholders.

Cash remuneration does not include cash allowances for work-related costs initially paid for by the employee and reimbursed by the employer. For example, tax-free allowances.

Major shareholder-employee cash remuneration includes interest and dividends received from the employer or related employer.

Classified and unclassified benefits

Classified benefits include:

- private use of a motor vehicle
- gift cards*
- subsidised transport
- low-interest loans
- contributions to:
 - sickness, accident, or death benefit funds
 - funeral trusts
 - life, personal accident or medical insurance policies
 - superannuation schemes where ESCT or PAYE does not apply.

All other benefits are unclassified. This includes free, subsidised and discounted goods and services.

*For the purposes of calculating limits, gift cards are treated as unclassified benefits.

Close company

A close company has 5 or fewer natural persons or trustees who hold more than 50% of the total voting or market value interests in the company.

Employee

Employee includes	Employee does not include
<ul style="list-style-type: none"> • anyone who receives or is entitled to receive salary, wages, lump sums or schedular payments: <ul style="list-style-type: none"> – most shareholder-employees – major shareholder-employees – past employees (who no longer work for you) – future employees. 	<ul style="list-style-type: none"> • shareholders who are only formally occupying a role as non-executive directors or company secretaries • an employee who only receives or is entitled to receive: <ul style="list-style-type: none"> – ACC payments – payments to a working partner or owner – a main benefit from Work and Income – Veteran's pension or NZ Superannuation – Education and Training Act grant – parental leave or preterm baby payment – non-resident contractor payments – personal service rehabilitation payments – voluntary schedular payments.

Employee types

Most FBT rules apply to all employees. Where there is a different treatment for a specific employee type, this is identified. If the FBT treatment relates to all employee types, employee is used.

Ordinary employees

Any employees who are not shareholder-employees.

Shareholder-employees

These are shareholders who are employees of a close company, or a company with no more than 25 shareholders. These companies do not include a look-through company. Shareholder-employees are entitled to and have elected to receive income other than from a PAYE income payment.

FBT is payable on all fringe benefits they receive as shareholder-employees unless the company has elected to treat unclassified benefits as dividends.

Major shareholder-employees

These are employees who are major shareholders. They own, have the power or control over, or have the right to acquire 10% or more of the ordinary shares or voting rights of a close company.

Past employees

Past employees are people who no longer work for you but you're still providing them with fringe benefits.

Employer

The definition of an employer also includes some people connected with employers:

Employer includes	Employer does not include
<ul style="list-style-type: none"> • anyone who pays or is liable to pay salaries, wages, lump sum payments (extra pays) or schedular payments: <ul style="list-style-type: none"> – all partners in a partnership that has employees – the manager or principal officer of an unincorporated group – a look-through company* – trustees in an estate or trust – anyone who has control of property, such as the Official Assignee, a company liquidator or the trustee of a deceased estate. 	<ul style="list-style-type: none"> • Anyone who only pays <ul style="list-style-type: none"> – ACC payments – payments to a working partner or owner – a main benefit – veteran's pension or NZ Superannuation – Education and Training Act grants – parental leave or preterm baby payment – non-resident contractor payments – personal service rehabilitation payments – voluntary schedular payments.

Note

*Look-through companies (LTC) are generally not liable for FBT for benefits provided to working owners. If there are ordinary employees and fringe benefits are provided, the LTC is liable for FBT.

If fringe benefits are provided to your employees by a 3rd person through an arrangement with you, they are treated as if you had provided them. You're still required to pay FBT on these benefits.

Investment boost

From 22 May 2025, all businesses can claim 20% of the cost of new assets as an expense. From 1 April 2026 new rates apply to calculate the tax book value for FBT purposes, when an Investment Boost has been claimed for a new vehicle. For more information go to [Tax book value](#) on page 14.

Non-attributed fringe benefits

Certain benefits do not have to be attributed to the employees who receive them. Non-attributed benefits are pooled and taxed using either 63.93% or 49.25%. To work out the correct rate to use for pooled benefits, go to [FBT calculation options](#) on page 37.

Fringe benefits paid to past employees are pooled and taxed as non-attributed benefits.

Pooled benefits

A pooled fringe benefit is a benefit that cannot be attributed to any 1 employee as the principal user or recipient. The benefit is shared among multiple employees, and no single employee is considered to have primarily enjoyed it.

Examples include:

- shared or pooled vehicles
- certain insurance or fund contributions that apply collectively rather than individually.

Some attributed benefits can also be pooled in certain situations.

Remuneration adjustment

Remuneration adjustments are made in the following tax year. They are required when:

- income details for shareholder-employees or employees who derive attributed income are not known at the time of completing the quarter 4 or annual return, and
- you've elected to use the 49.25% rate.

Total remuneration

This is the employee's net income plus total fringe benefits for the tax or income year. For major shareholder-employees, income includes any interest and dividends paid to them by you or a related employer in the year.

Example – 2026 total remuneration

Employee income	\$ 78,333.00
Less tax on \$78,333	\$ 15,727.39
Net income	\$ 62,605.61
Plus total fringe benefits provided to employee	\$ 5,088.00
Total remuneration	\$ 67,693.61

Total remuneration was previously known as fringe benefit-inclusive cash remuneration (FBICR).

Attributed fringe benefits

Attributed fringe benefits are benefits that can be clearly linked to the individual employees who receive them, rather than pooled or shared among multiple employees.

You must attribute fringe benefits to the employee who receives them when:

- you're using the alternate rate calculation option, and
- the benefit is over the threshold for the category unless an exception applies.

Note

Attributed fringe benefits provided to an associated person of an employee must be attributed to the employee.

Thresholds for attributing fringe benefits

Annual taxable value thresholds apply to some fringe benefit categories. These determine whether a benefit must be attributed or non-attributed.

You can choose to attribute benefits when the total value within a category for an employee is below the threshold. If you choose to do this for 1 employee, you must attribute all benefits for the category to all employees receiving them.

Attributed and non-attributed categories and thresholds

No annual thresholds apply for the following categories:

Benefit category	Attributed	Non-Attributed
Motor vehicles	Benefits are attributed to the employee when the vehicle is available for their private use.	Pooled vehicles when they are made available to more than 1 employee and you cannot determine the main employee receiving the benefit. Investment Boost vehicles must be in a separate pool.
Low-interest loans	Attributed to the recipient of the loan.	Loans to life insurance policy holders by life insurers, are pooled fringe benefits (page 33).

Annual thresholds apply to benefits in the following categories. When the benefits are less than the annual threshold, the benefits may be pooled:

Benefit category	Annual threshold
Subsidised transport ★	\$1,000
Contributions to sickness, accident, or death funds	\$1,000
Contributions to funeral trusts	\$1,000
Contributions to insurance funds of a friendly society or a specified insurance premium for life, accident or medical policies ★	\$1,000
Contributions to superannuation scheme where ESCT or PAYE does not apply	\$1,000
Unclassified benefits and gift cards	\$2,000

★ Subsidised transport and specified insurance premium fringe benefits over the annual threshold may be pooled (non-attributed) if all employees have the same or similar benefit entitlement.

Non-attributed fringe benefits

Certain benefits do not have to be attributed to the employees receiving them. If you cannot determine the employee who mainly uses or receives the benefit, you can pool it.

If you continue to provide fringe benefits to past employees (who no longer work for you), these are pooled.

If you have different employee types, you must use 2 pools:

Pools	FBT rate applying to pool
Major shareholder-employees	63.93%
All other employees	49.25%

If a major shareholder-employee is 1 of the recipients of non-attributed benefits that cannot be assigned, all benefits in the category are taxed at 63.93%.

Part 2 – Motor vehicles

FBT is payable if your business makes a vehicle available for private use to an employee, even if they do not actually use it. The person making a vehicle available does not have to be the employer. The person can be someone who:

- owns the vehicle
- leases or rents the vehicle
- has the right to use the vehicle under an agreement or arrangement with the employee or a person associated with the employee.

Close company opting out of FBT on motor vehicles

If you're a close company you can elect to opt out of the FBT rules for motor vehicles and use the income tax rules for vehicle expenditure. You can opt out if you:

- have only 1 or 2 motor vehicles available for private use of shareholder-employees, and
- do not provide any other fringe benefits.

If you elect to use the income tax rules for vehicle expenditure you must make private use adjustments for income tax and GST. For more information, go to ird.govt.nz/vehicle-expenses

An opt out election is only valid if made by the due date for filing the income tax return in the year a vehicle is acquired or first used for business. Once the election is made you cannot return to using the FBT rules for that vehicle unless the vehicle is disposed of, or you stop using the vehicle for business use.

You can send a message in myIR to let us know you're opting out or by including a note with your paper return.

If you've already registered for FBT and your election to opt out is made within the required time, cancel your FBT registration.

Sole traders and partnerships

You do not pay FBT on business vehicles you use privately. Instead, you make income tax and GST adjustments for private use. You can use a vehicle logbook to keep track of your business use. For more information go to ird.govt.nz/vehicle-expenses

Vehicles owned by your employee

If you have an arrangement or agreement to use a vehicle owned by your employee, FBT applies when the motor vehicle is available for private use by the employee. This means any suspension clause (such as limiting use to 9am–5pm) is ignored. If the employee uses the vehicle privately, even outside the lease hours, FBT applies.

This also applies to your associated persons and vehicles owned by an employee's associated person.

FBT is not payable if the vehicle is never available for the employee's private use.

What is a fringe benefit day

The start time for a 24-hour fringe benefit day begins at 12 am (midnight). If you occasionally allow employees to take vehicles home overnight, for example from 5 pm, returning 8 am the next day, 2 fringe benefit days would apply.

Electing when each 24-hour day starts

You can choose when a fringe benefit day begins based on your business needs, by electing the start time of each 24-hour period. This means if your 24-hour period starts at 5 pm, only 1 fringe benefit day applies when an employee takes the vehicle home overnight, instead of 2 days.

You can send a message in myIR, call, or write to tell us the 24-hour day start time and the return period.

The election applies for a minimum of 2 years:

- from the 1st day of the relevant quarter, income year, or annual return period
- to all vehicles you own or lease.

You can let us know if you need to amend the start time of the 24-hour period if your circumstances change in a way that:

- is more than minor, and
- the starting time is no longer relevant to the business.

Work-related vehicle exemption

FBT does not apply to any day a vehicle provided to an employee is classified as a work-related vehicle.

Not all business vehicles are classified as work-related. You must meet all the requirements and keep records for the work-related vehicle exemption to apply.

Work-related vehicle exemption requirements

1. The motor vehicle must be drawn or propelled by mechanical power (including a trailer).
2. Gross laden weight must be 3,500 kg or less. Private use of a vehicle above 3,500 kg may be an unclassified benefit and FBT applies.
3. Be mainly designed to carry goods, or goods and passengers equally. A vehicle designed mainly to carry passengers does not meet this requirement.

Vehicles that my qualify include:

- utes, including extra cabs and double cabs – these are dual purpose vehicles and may be considered work-related
- light pick-up trucks
- vehicles with rear doors, permanently without rear seats, for example, vans, station wagons, hatchbacks, panel vans and 4-wheel drives. This applies if the rear seats have been welded down or made unusable because of permanent fixtures such as shelving, covering the entire rear seat area.
- taxis, including sedans and station wagons (the rear seat requirement does not apply to taxis).

All vehicles must still meet all the conditions to qualify for the work-related vehicle exemption.

4. Business identification regularly used by the employer (or owner if vehicle is rented) must be permanently and prominently displayed on the vehicle's exterior. Includes business logo, acronym or other business identification. Magnetic or removable signs, such as signwriting on a removable canopy or spare wheel cover are not permanent identification.
5. Written notice given to employees notifying them the vehicle is not available for private use, except when:
 - travel between home and work is necessary in (and a condition of) their employment
 - travel is incidental to business travel, for example, passing by the pharmacy on the way home.

If a vehicle is available for private use on some days in the week, it does not qualify for the work-related vehicle exemption on those days. The exemption does not apply, even if the employee does not use it.

The written notice to employees must state the actual days. For example, the vehicle is available for private use on Saturdays, Sundays and statutory holidays. You cannot just say any 2 days in a week, as this means the vehicle is available on any day, and full FBT would apply.

You should complete 3-monthly checks to make sure the vehicle is only used by employees for work-related purposes and keep a record of these checks.

Sample letter

Dear James

Vehicle private use restriction

The Audi A4 station-wagon, registration number MCK917 has been provided to you as required in your role with us.

The vehicle is for business use and is not available for private use during the week or weekend, unless you:

- are travelling between your home and work, or
- have incidental travel while using the station-wagon on company business.

This is for fringe benefit tax reasons. We'll also regularly check to make sure you're following the restrictions.

Thank you for your co-operation.

Anton

Emergency call-out exemption

FBT does not apply for the whole day when the employee travels from their home to attend emergency services relating to the health or safety of any person or essential service call outs. These include:

- the operation of your plant or machinery, or the plant or machinery of your client or customer
- the maintenance of services provided by a local authority or a public authority
- the carrying on of a business for the supply of energy or fuel to the public.

The services must be requested by you, a member of the public, a client or customer.

The call-out for essential services must take place between 6pm and 6am during the work week, or at any time on a Saturday, Sunday or statutory public holiday. There are no time restrictions in the case of emergency services relating to the health or safety of a person.

An employee on standby for an emergency call-out does not qualify for this exemption. Attendance for a call-out must occur.

Business travel exemption

An exemption from FBT may apply when an employee is required to travel on a regular basis in a business vehicle, and:

- the length of the trip is a continuous period of at least 24 hours
- use of the vehicle is required for the employee to perform their duties.

The employee must be absent from home with the vehicle for the exemption to apply.

Example – business travel

Mechanic James regularly travels outside Wellington where he lives, to work on repairs to clients' cars. James is often away overnight when working on difficult repairs or seeing multiple clients.

Days when James is away from home with the vehicle for at least 24 hours while working, qualify for a business travel exemption from FBT.

Vehicles parked at airport car parks

If an employee parks a vehicle at an airport while they fly to another destination for work reasons, the business travel exemption does not apply as the employee is not with the vehicle. However, any days between the employee's departure and return are exempt from FBT as you have removed their access to the vehicle by requiring them to fly on business.

FBT may apply to the day of departure and the day of return if the employee has not been restricted from using the vehicle for private use.

An employee who travels for private reasons and where the vehicle is available for private use, FBT applies to all the days including any days between the employee's departure and return.

Other days vehicles are not available

Sometimes vehicles may be unavailable for employee use, for example while being repaired. If the vehicle is not available, there is no fringe benefit being provided. The vehicle must be unavailable for at least a 24-hour period and there must be a valid reason recorded for the vehicle not being available.

3-month test period

You can complete a 3-month test period for each vehicle, instead of recording each exemption it qualifies for. The results from a 3-month test period can be used to calculate your FBT for each vehicle for the next 3 years. The 3-month test must be completed every 3 years, or until the vehicle is disposed.

The test period must fairly represent when you expect the vehicle to be available for private use by your employee over the 3-year period. If the actual number of private use days in any quarter, year or income year is 20% or more than the test period result, the application period ends on the last day of that quarter, year or income year.

If we consider the test period result is not representative of the exempt days, we may reject it. You'll then have to run another test period.

The days the vehicle is available for private use are the days counted for the 3-month test period, not the days the vehicle was used privately during this time.

You must pay FBT on days when the vehicle is available for private use, whether it's used or not.

3-month test period and 3-year period it applies to

Return type	Test period covers	3-year period starts
Quarterly	1 full quarter	1st day of the quarter
Income year	Any 3 consecutive months in the income year	1st day of the income year the test is in
Annual	1 full quarter	1 April of the year the test is in

Example

Flynn has the private use of a work-related vehicle during weekends and statutory holidays. On all other days, the vehicle qualifies for the work-related vehicle exemption. Flynn's employer runs a 3-month test period starting 1 July for the September quarter (92 days). During the test period, Flynn has 6 weekend emergency call-outs.

Number of FBT liable weekend days	26
Less emergency call-out exemption days	6
Total days liable for FBT in the September quarter	20
Total exempt days (92 – 20)	72

Motor vehicle valuation methods

There are 2 fringe benefit vehicle valuation methods to choose from, cost price or tax book value. Both methods may be calculated on a GST-inclusive or GST-exclusive basis. More FBT is payable using tax book value in the initial years when compared to cost price.

When you have chosen your valuation method, you must continue to use it until the earliest of:

- the date the vehicle is sold, or
- if leased, the date you stop leasing the vehicle, or
- the date when 5 years has elapsed from the start of the period of the 1st FBT return for that vehicle.

Cost price

The cost price of a motor vehicle includes any initial costs of getting the vehicle on the road.

In addition to the purchase price of the vehicle, the cost price includes:

- initial vehicle registration and licence plate fees
- any extras fitted, such as a towbar
- any initial vehicle transportation costs, such as freight and customs duty
- credit received from the Clean Car rebate (vehicles registered up to and on 31 December 2023).

Cost price does not include items such as financing the purchase of the vehicle or annual re-licencing fees. The cost price is also not reduced if the State Sector Decarbonisation Fund applies. Do not subtract any trade-in value from the cost price.

If you have claimed Investment Boost, this is not deducted from the cost price.

Fringe benefit valuation rates for cost price

Return filing	GST-inclusive	GST-exclusive
Quarterly	5%	5.75%
Income year or annual	20%	23%

Tax book value

Tax book value if no Investment Boost has been claimed:

- the vehicle's original cost price, less the total accumulated depreciation on the vehicle at the start of the tax or income year
- the cost price of the vehicle, if acquired after the beginning of the tax or income year.

From 1 April 2026, tax book value if Investment Boost claimed:

- the vehicle's original cost price, less Investment Boost and the total accumulated depreciation on the vehicle at the start of the tax or income year
- the cost price of the vehicle if acquired after the beginning of the tax or income year.

Note

Investment Boost vehicles must be pooled separately from other vehicles.

Fringe benefit valuation rates for tax book value

From 1 April 2026, new fringe benefit valuation rates apply to vehicles where Investment Boost has been claimed.

Return filing	Investment Boost claimed	GST-inclusive	GST-exclusive
Quarterly	No	9%	10.35%
	Yes	10.35%	11.90%
Income year and annual	No	36%	41.40%
	Yes	41.40%	47.61%

Minimum tax book value

A minimum value applies to the tax book value method. When the vehicle value drops below the minimum, the tax book value of the vehicle is either:

Investment Boost claimed	Minimum tax book value
No	\$8,333
Yes	\$7,317

The minimum value applies because the employee still has an on-going private use benefit, even when the vehicle has significantly depreciated.

Leased vehicles

You can calculate FBT using the cost price or tax book value for vehicles you lease from another person (the lessor). The lessor must let you know the vehicle cost price or tax book value, including an Investment Boost deduction if claimed by the lessor.

If a vehicle was previously leased to another person, the cost price is the market value at the time it is first leased to you if all the following apply:

- it was not previously leased by a person associated with you
- you're not associated with the lessor or owner of the vehicle
- your employee is not the lessor or owner of the vehicle
- your employee is not associated with the lessor or owner of the vehicle.

Vehicles acquired at no cost or less than market value

Market value is the price that would normally be paid in the open market at the time the employee receives the fringe benefit. You must have records to support the market value used. The cost price of the motor vehicle is treated as being equal to the vehicle's market value:

- for a vehicle acquired at no cost
- when you cannot establish the cost price to our satisfaction.

Note – Vehicles acquired from associated persons

If the cost price to you is less than the market value for a vehicle acquired through an arrangement between you and an associated person and that arrangement has the purpose of defeating the intent and application of the FBT rules, the market value applies.

Value of pooled motor vehicles

If you have more than 1 vehicle available for an employee to use, the cost price or tax book value depends on the following:

	Situation	Vehicle value is
1	Employee mainly uses the same vehicle	Value of the vehicle
2	Employee does not mainly use the same vehicle, your business is selling cars, and the pooled vehicles are trading stock	Average value of all the vehicles in the pool
3	If 1 and 2 do not apply	Highest value of the available vehicles

Calculating the taxable value for vehicle private use

Quarterly and annual returns

The taxable value of the fringe benefit is calculated as:

$$\frac{\text{Private use days x cost price or tax book value}}{90} \times \text{percentage}$$

Note

The number of days for this calculation cannot be more than 90, regardless of the actual number of days in the quarter.

Private use days is the lesser of:

- the number of days available for private use
- 90 days.

If there are exempt days, deduct these from the number of actual days in the quarter.

	Quarterly return periods	Actual days in quarter
1	1 April to 30 June	91
2	1 July to 30 September	92
3	1 October to 31 December	92
4	1 January to 31 March	90 or 91 in a leap year

Percentage for cost price or tax book value

Original cost price %	Tax book value %	Tax book value % with Investment Boost
5% including GST	9% including GST	10.35% including GST
5.75% excluding GST	10.35% excluding GST	11.90% excluding GST

Example – Cost price method

A car sale business has a pool of 4 trading stock vehicles. They use the average pool value of \$23,400 as they are in the business of selling cars (GST inclusive):

Private use days available 90 out of 90	90
Average cost \$23,700 x 4 cars	\$ 94,800
90 x \$94,800 ÷ 90 x 5% = taxable value	\$ 4,740

Example – Tax book method

Hugo's Cars Limited sells cars. They have 4 vehicles for employees to use that are not part of the trading stock. The pooled vehicles were available for employees to use every day in the quarter. They use the GST inclusive value, and no Investment Boost has been claimed.

No employees use a particular vehicle, and they all use the highest value car at least once during the period.

Hugo's Cars Limited calculate FBT using the tax book value of \$26,000 of the highest value car.

Private use days available out of 90	90
Tax book value \$26,000 x 4 cars =	\$ 104,000
90 x \$104,400 ÷ 90 x 9% = taxable value	\$ 9,360

If you file annual returns, add the amounts calculated for the 4 quarters together.

Income year returns

The taxable value of the fringe benefit is calculated as:

$$\frac{\text{Private use days x cost price or tax book value}}{365} \times \text{percentage}$$

Private use days

If there are exempt days, deduct these from the number of actual days in the income year.

Percentage for cost price or tax book value

Original cost price %	Tax book value %	Tax book value % with Investment Boost
20% including GST	36% including GST	41.40% including GST
23% excluding GST	41.40% excluding GST	47.61% excluding GST

Example – Cost price income year

Tim's Tiles Limited employee Mia has unlimited use of the company car. The GST inclusive cost price of the vehicle is \$132,900. During the year there were 75 exempt days when the vehicle was not available for private use.

Private use days available 365 less 75 exempt days	290
Cost price value	\$ 132,900
$290 \times \$132,900 \div 365 \times 20\% =$ taxable value	\$ 21,118

Example – Tax book income year

A C Design Limited uses the tax book value (GST inclusive)

Private use days available 365 less 75 exempt days	290
Tax book value	\$ 85,056
$290 \times \$85,056 \div 365 \times 36\% =$ taxable value	\$ 24,328

Exempt and unavailable days for pooled vehicles

If there are exempt or unavailable days for any of the vehicles, you must do individual calculations for each to work out the taxable value. This applies to both cost price and tax book values for quarterly, income year and annual returns.

Employee contributions

Payments an employee makes in return for a fringe benefit must be deducted when working out the taxable value of the benefit.

If an employee makes a full contribution, there is no taxable fringe benefit value and no FBT payable. You still need to include the nil fringe benefit value in your FBT records.

Employees paying for fuel

If an employee pays for some of the fuel, they must give you a receipt for the amount contributed. The receipt or invoice must meet the normal receipt requirements and include the vehicle's registration number. You cannot claim the GST paid or the amount as an expense against income.

The contributions should be deducted when working out the taxable value. If the employee pays for expenses and is reimbursed by you, the value of the fringe benefit does not change.

Example

Michael has unlimited use of a car from his employer. When he drives to Taupo to visit relatives, he pays \$170 for petrol himself and gives the petrol receipt to his employer. The quarterly calculation for FBT on the cost price option is:

Private use days available 90 out of 90	90
Cost price value	\$ 89,900
$90 \times \$89,900 \div 90 \times 5\% =$ taxable value	\$ 4,495
Less petrol paid by Michael	\$ 170
Taxable value	\$ 4,325

Direct payment to the employer

If your employee pays you directly (for example, you pay for the petrol and they pay you back), the payment must be recorded as income for both GST and income tax purposes. The employee's contribution is deducted when working out the taxable value.

Contribution by current account adjustment

For shareholder and major shareholder-employees, you can do a current account adjustment if the appropriate journal entries are made and are effective on or before the last day of the FBT period (the last day of each quarter, or the last day of the annual or income year period).

Employee part-owns the vehicle

In this situation, 2.5% of the employee's contribution to the GST-inclusive cost price can be deducted from the value of the benefit in each quarter. If FBT is paid on an annual basis, 2.5% for each quarter in the year. For income year returns, 10% of the employee's contribution is deducted.

Note

Only the amount paid for the use of the vehicle itself can be deducted if there's an actual cost to the employee.

You cannot deduct any indirect costs, such as garaging or costs where there has been no payment. For example, the employee does some servicing of the vehicle at home.

Attributing motor vehicle benefits

All motor vehicle benefits must be attributed to the employee receiving the benefit unless:

- the vehicle is made available to more than 1 employee, and
- you cannot determine the main employee receiving the benefit.

In this situation the vehicle benefit can be pooled.

- If a pooled vehicle is available to a major shareholder-employee, the FBT rate for the pool is 63.93%.
- If pooled vehicles are available to other employees (not major shareholder-employees), the FBT rate for the pool is 49.25%.

Records for motor vehicles

You must keep adequate records to support your FBT calculations and exemptions you claim.

Records	Private use	Work-related exemption	Emergency call-out exemption	Business travel exemption
Employee details	✓	✓	✓	✓
Motor vehicle (make, model, year, registration number)	✓	✓	✓	✓
Description of qualifying work-related vehicle		✓		
Proof of the market value or cost price, tax book value and Investment Boost (if claimed)	✓	✓	✓	✓
Working papers showing calculations for liable and non-liable days	✓	✓		
Private use restrictions (letter or notice to employees)	✓	✓		
3-monthly checks for unauthorised private use	✓	✓		
Records of employee contributions	✓			
Emergency call-out purpose and service provided			✓	
Time, date and duration of emergency call-out			✓	
Reason for emergency call-out service completed at that time			✓	
Customer or client details for emergency call-out			✓	
Purpose of business travel				✓
Proof travel was at least 24 hours				✓
Number of qualifying days for business travel exemption				✓

How to complete motor vehicle details in myIR

Complete a worksheet for each employee and pooled vehicles.

Attributed benefits	Pooled vehicles
<ul style="list-style-type: none"> Employee name 	<ul style="list-style-type: none"> Pooled vehicles
<ul style="list-style-type: none"> Employee IRD number 	<ul style="list-style-type: none"> Leave IRD number blank
<ul style="list-style-type: none"> Calculation basis <ul style="list-style-type: none"> original cost tax book value tax value – Investment Boost 	<ul style="list-style-type: none"> Calculation basis <ul style="list-style-type: none"> original cost tax book value tax value – Investment Boost
<ul style="list-style-type: none"> Enter original cost amount or current tax book value or tax value – Investment Boost (if claimed) 	<ul style="list-style-type: none"> Highest or average original cost or tax book value for vehicles in the pool multiplied by the number of vehicles in the pool. Investment Boost vehicles must be pooled separately.
<ul style="list-style-type: none"> Select GST inclusive or GST exclusive 	<ul style="list-style-type: none"> Select GST inclusive or GST exclusive
<ul style="list-style-type: none"> Vehicle make Model Year Registration 	<ul style="list-style-type: none"> Leave vehicle make, model, year and registration blank
<ul style="list-style-type: none"> Private use days 	<ul style="list-style-type: none"> Private use days
<ul style="list-style-type: none"> Employee contributions. 	<ul style="list-style-type: none"> Employee contributions.
We calculate the following for you: 	
<ul style="list-style-type: none"> Benefit value Taxable value of the benefit. 	

Example

Anton has the use of an Audi A6 car.

Employee details	
Name	Anton
IRD number	
Benefit details	
Calculation basis	Original cost
Original cost	132,900.00
GST inclusive	Yes
Make	Audi
Model	A6
Year	2020
Registration	XXX999
Private use days	87
Benefit value	6,423.50
Employee contributions	
Taxable value	6,423.50

Part 3 – Unclassified benefits and gift cards

Unclassified benefits are all benefits that are not specifically listed in legislation or excluded from the FBT rules. They include free, subsidised or discounted goods or services.

Unclassified benefits also include an amount reimbursed to an employee for personal expenses if you have chosen to apply the fringe benefit rules instead of deducting PAYE. The personal expense must be an unclassified benefit if you had provided it directly to the employee. If the reimbursed amount is below the [limits](#) (see page 24), no FBT is payable and no deduction for PAYE is required.

Gift cards are a classified benefit. However, they are treated the same as other unclassified benefits, for working out the per employee and all employee limits to determine FBT.

In this section, we cover:

- exemptions when FBT does not apply
- other exclusions when FBT does not apply
- gift cards
- FBT on goods
- FBT on services
- taxable value of goods and services
- limits for paying FBT on unclassified benefits and gift cards
 - \$300 per employee per quarter
 - \$1,200 per employee per year for income year and annual returns
 - \$22,500 for all employees over the last 4 quarters, or the income year and annual return periods
- unclassified benefits provided to shareholders
- discounted life insurance for agents.

Charitable organisation exemption

Generally, charities are exempt from paying FBT on benefits provided to employees while carrying out their charitable activities. The exemption may not apply to short-term charge facilities. Go to [Limit for short-term charge facility provided by a charity](#) on page 24.

For more information, go to [FBT if you're a charity](#) on page 3.

Health and safety exemption

FBT does not apply to benefits aimed at managing health or safety risks in the workplace as outlined in the Health and Safety at Work Act 2015. Examples include:

- vaccinations
- personal protective equipment (PPE) such as protective and high visibility clothing, hard hats.

PPE does not need to have your business branding to qualify for the health and safety exemption.

Example

An employer provides free on-site flu vaccinations to their employees. On the day, 3 employees were unable to receive their vaccination and had to arrange this with their own GPs.

The employer reimbursed the GP vaccination fees to the 3 employees. No FBT or PAYE is payable for providing the benefit as the company is complying with its health and safety obligations.

The exemption does not apply to items such as gym subscriptions or employer-paid health insurance premiums.

Note

Do not include benefits that qualify for the health and safety exemption in your FBT return.

Public transport and employer provided transport exemptions

Certain transport benefits you or a 3rd person provide may be exempt from FBT. They must be mainly for employees travelling between work and home and be 1 of the exempt transport options.

Note

If you qualify for the transport exemptions, you do not include them in your FBT return but you must keep records.

Public transport fares

The public transport exemption covers fares for the following options:

- bus
- train
- ferry
- cable car.

The exemption also includes transport partly funded by the Total Mobility Scheme, such as taxis or shuttles.

Employer provided transport

The exemption applies if you provide 1 of the following transport options. They must be mainly for employees travelling between work and home:

- bicycles
- electric bikes
- scooters
- electric scooters
- other low-powered vehicles declared by NZ Transport Agency Waka Kotahi as mobility devices or non-motor vehicles.

This exemption also applies if you help pay for certain vehicle share services for any of these transport modes.

Other exclusions FBT does not apply to

Distinctive work clothing

There is no FBT on distinctive work clothing provided to your employees. Clothing includes any single item of clothing forming part of a uniform identifiable with your business because of logos, pattern, colour scheme or style.

Car parks

If you provide car parks for employees on your own premises, there is no FBT. This also applies to leased car parks if you have substantially exclusive rights to use them.

Membership reward schemes

FBT does not apply when your employees join a scheme independently for their own use. However, FBT may apply if you enter an arrangement with the promoter of the scheme to benefit employees.

FBT on gift cards

Gift cards include vouchers.

There are 2 types of gift cards used to purchase goods or services:

1. Retailer-specific cards
 - can only be used with the retailer named on the card
 - FBT rules apply.
2. General use cards
 - can be used at multiple retailers
 - PAYE rules apply (the grossed-up value of the gift card is added to the employee's salary/wage).

Gift card option from 16 April 2025

You can choose to apply the FBT or PAYE rules to all gift cards and vouchers.

If you use the FBT rules, include the value of the gift card with any unclassified benefits for applying the [per employee and all employee limits](#) (see page 24).

FBT on goods

There is a fringe benefit when goods are provided to your employees at a price lower than the value of the benefit. This includes goods provided to your employee by a 3rd person. When you and the 3rd person are in a group of companies, the group is treated as 1 company.

The value of the fringe benefit is the cost price or market value.

- Cost price is used for goods acquired from a supplier through an arm's-length transaction
- Market value is used for goods manufactured, produced or processed by you or a 3rd person who provided the goods to your employees. Market value means the lowest wholesale or retail price for identical goods, sold to other customers in the open market.

Example

A soft drink manufacturer provides free soft drinks for employees to take home. FBT is payable based on the lowest wholesale price.

FBT does not apply if the sale price of the goods to the employee is more than the value of the fringe benefit.

Goods sold to employees at a discount

If you sell goods in the normal course of your business to your employees, they are treated as sold to your employees at a price equal to the cost to you when:

- the identical goods retail for \$200 or less, and
- the price of the discounted goods to the employee is lower than the cost to you because of your normal staff discount, and
- the staff discount is no more than 5% of the retail price of identical goods to the public.

No FBT applies when these conditions are met.

Goods on special with staff discount

If goods are on special to the public and they are also purchased by your employees, they are treated as sold at a price equal to your cost when these conditions are met:

- the identical goods retail for \$200 or less, and
- a reasonable quantity of the identical goods are available for sale at a discounted rate to the public, and
- the price of the goods to the employee is lower than the cost to you, because a staff discount also applies to the goods on special, and
- the price to the employee is the lesser of:
 - at least 95% of the cost of the goods to you, or
 - at least 95% of the special price available to the public on the day.

No FBT applies when these conditions are met.

Other discounted goods

You do not pay FBT if your employees get discounted goods through an arrangement between you and an unrelated 3rd person, as long as:

- the discount is the same or less than what other groups of the same size are offered, and
- the discount to the other groups is negotiated on normal commercial terms (at arm's-length).

FBT on services

There is a fringe benefit when a service is provided to your employee at a price lower than the value of the benefit.

The value of a fringe benefit is:

- the price of the same or similar service you charge to the public in the open market
- the arm's-length amount you paid for the service provided by a supplier.

If neither applies, the fringe benefit value is the price you (or the supplier) would have charged for the same or similar service to the public.

Examples of services include subsidising or paying for club memberships, paying for family members to travel to an employee's temporary workplace.

Note – Employee working away from home

If your employee is working in a temporary workplace and you pay for their partner and/or family to visit them, FBT may not apply. The value of the travel must not exceed the amount that would have been provided as a tax-free allowance to the employee if they had travelled home instead.

Example

Zac is sent to work in Auckland for a 3-week training course by his employer. Zac travels home the 1st weekend to see his family. Return flights cost \$610. The 2nd weekend, the employer pays for Zac's partner Harriet to travel to Auckland instead. Return flights cost \$530.

FBT is not payable as the cost of Harriet's flights was less than Zac's. If Harriet's flights cost more than Zac's, FBT would be payable on the whole amount.

Private use of tools

Tools available for employee private use, that are owned or leased by you are exempt from FBT if they are mainly provided for business purposes and the cost of each tool is no more than \$5,000 (GST-inclusive). Examples of tools include laptops and mobile phones.

Example

Sam has been provided with a laptop costing \$2,900 (GST-inclusive) by their employer for business use. Sam is allowed to use the laptop for personal study assignments and research. As the laptop is mainly for business use, no FBT is payable for Sam's personal use.

If the value of the laptop was more than \$5,000, the FBT exemption does not apply.

Entertainment

The following are specified types of entertainment for income tax purposes if you provide them to your employees:

- corporate boxes and similar exclusive areas at sporting and recreational events
- holiday accommodation
- pleasure craft
- food and beverage.

When FBT applies to entertainment benefits

An entertainment benefit you provide is an unclassified fringe benefit if:

- the employee does not receive or use it in the course of their employment, and
- it is not a necessary consequence of their employment, and
 - the employee can choose when to enjoy the benefit, or
 - the benefit is enjoyed or consumed outside of New Zealand.

Example

A business provides drinks for employees for the weekly staff get-together in the cafeteria. There is no FBT because the employees can enjoy the drinks only at a set time arranged by the employer. The cost of the drinks is 50% deductible for income tax.

Taxable value of unclassified benefits and gift cards

The taxable value for unclassified benefits is the GST-inclusive fringe benefit value, less any employee contribution not reimbursed by you.

For gift cards, the taxable value is the amount loaded on the card.

Limits for paying FBT on unclassified benefits and gift cards

If the taxable value of the benefit provided to employees is more than the per employee or annual limit, you must pay FBT on the full amount:

- per employee – \$300 for quarterly returns or \$1,200 for income year or annual returns
- annual limit – \$22,500 for all employees per annum.

If the taxable value is below the per employee limit or annual limit, then you do not pay FBT.

Per employee limit

You must pay FBT if the total taxable value is more than:

- \$300 per employee in a quarterly return period
- \$1,200 per employee in an income year or annual return period.

Example

A company provides goods and services to 2 employees, Nicole and Bailey, in the quarter 4 March return.

- Benefits provided to Nicole total \$195. This is not more than the \$300 limit. No FBT is payable for Nicole's benefits.
- Benefits provided to Bailey total \$500. This is more than the \$300 limit and FBT applies to the full amount.

If Bailey contributed \$200 towards the benefits in the quarter, the taxable value is \$300, the limit does apply, and no FBT would be payable.

Limit for short-term charge facility provided by a charity

If you provide short-term charge facilities to your employees, FBT is payable on the full amount, if the value of the facility is more than the lesser of:

- 5% of the employee's salary or wages in a tax year, or
- \$1,200 per employee, in a tax year.

Example – How to work out the limit threshold

- If the employee's salary or wage is \$24,000 or more the threshold is \$1,200 (5% of \$24,000 is \$1,200).
- If the employee's salary is less than \$24,000, the threshold is 5% of their salary.

Annual limit \$22,500 for all employees

All unclassified benefits and gift cards must be included in your FBT calculations to check if the total over 4 quarters or a year exceeds the \$22,500 limit for all employees.

Quarterly returns

If the total benefits for all employees is more than \$22,500 for the last 4 quarters, including the current quarter, you must pay FBT on the total benefits provided in the current quarter. The 4 quarters do not need to be within the same year.

Income year and annual returns

If the total benefits are more than \$22,500 in the return period, FBT applies to the full amount of the benefits provided.

Total benefits include:

- unclassified benefits and gift cards you provide to your employees
- unclassified benefits and gift cards provided by your associated persons to your employees
- benefits you provide to employees of your associated persons
- if you're a company, benefits provided by other companies in your group to employees of the group of companies.

If categories (c) and/or (d) apply, and the benefits provided would be unclassified benefits or gift cards if you had provided them to your employees, they must be included for determining the \$22,500 limit.

This means that while (c) and (d) benefits are included for determining the limit, in your FBT return you only need to pay FBT on the unclassified benefits and gift cards provided to your employees.

Example – \$22,500 limit exceeded for quarterly returns

An employer provides benefits to their employees. The total benefits for the June quarter is \$6,000.

Value of benefits in the 3 previous quarters:

March quarter	\$ 8,000
December quarter	\$ 8,000
September quarter	\$ 3,000

The total for all 4 quarters including June is \$25,000, this is over the annual \$22,500 limit. The employer must pay FBT on the full amount of \$6,000 in the June quarter.

Example – \$22,500 limit exceeded by companies in a group

There are 3 companies in a group. Each company provides benefits to their own employees. The \$22,500 limit must be applied across the total of all benefits provided by the group.

Company A	\$ 9,000
Company B	\$ 8,000
Company C	\$ 7,000
Total benefits	\$ 24,000

The total benefits provided are more than the \$22,500 annual limit.

This means all companies in the group must pay FBT on the benefits they each individually provided.

Income year other than 12 months

If the income year return period is less than or more than a normal year you'll need to make an adjustment to the limit amount:

$$\frac{\text{Number of days in return period}}{365 \text{ days}} \times \$1,200 \text{ per employee or } \$22,500 \text{ for all employees}$$

This adjustment is required if you started or stopped your business or changed your filing frequency part way through the year, causing a shorter or longer return period.

Unclassified benefits and gift cards provided to shareholders

If you're a company providing unclassified benefits or gift cards to an employee who is a shareholder, you can:

- apply FBT rules to the benefit, or
- choose to treat the benefit value as dividends.

If you choose to treat these benefits as dividends, you must let us know before the FBT return due date. Send a message in myIR, including the return period the benefit relates to, or if you file paper returns, include a note with your FBT return. We'll treat them as fringe benefits if you do not let us know.

Discounted life insurance for agents

If you're a life insurer providing insurance services to your employees including commission agents, for their own or family policies, discounted premiums are unclassified fringe benefits. You must include these in your FBT returns.

Attributing unclassified benefits and gift cards

The taxable value for attributing benefits is \$2,000 per employee, per year. For more information, go to [thresholds for attributing fringe benefits](#) on page 10.

Records for unclassified benefits and gift cards

You must keep separate records of all benefits you provide, even if you do not need to pay FBT because an exemption or exclusion applies:

Your records must include:

- name of employee receiving the benefit
- date you provided the benefit
- description of the benefit provided
- recipient’s contribution
- market price or purchase cost of goods or value of the gift card
- market price or purchase cost of services.

How to complete unclassified benefits and gift cards in myIR

Add a worksheet for each employee or pool.

Unclassified benefits and gift cards	
<ul style="list-style-type: none"> • Employee name or pooled • IRD number • Description (for example, free and subsidised goods) • Benefit value (before applying the limit) • Employee contribution • Limit – the benefit value if it is not more than the limit: <ul style="list-style-type: none"> – \$300 in a quarter per employee – \$1,200 for the year per employee – \$22,500 for all employees for this quarter and the preceding 3 quarters, or the year. Leave the limit field blank if the benefit amount is more than the per employee and/or the all employee annual limit. 	
We calculate the following for you: 	
<ul style="list-style-type: none"> • Total benefit • Taxable value 	

Example – \$300 per employee limit for quarterly returns

A company provides benefits to Nicole and Bailey.

- Nicole’s total benefit of \$195 is not more than the \$300 limit for the quarter. \$195 limit is applied making the taxable value \$0.00.
- Bailey’s total benefit value is \$400 (benefit value \$500 less a \$100 contribution). This is more than the \$300 limit for the quarter. Bailey’s taxable value is \$400. No limit can be applied.

Employee details		Employee details	
Name	Nicole	Name	Bailey
IRD number		IRD number	
Benefit details		Benefit details	
Description	Goods and services	Description	Goods and services
Benefit value	195.00	Benefit value	500.00
Employee contributions	0.00	Employee contributions	100.00
Total benefit	195.00	Total benefit	400.00
Limit	195.00	Limit	0.00
Taxable value	0.00	Taxable value	400.00

Example – \$22,500 all employee limit for quarterly returns

A company provides a \$250 food basket each quarter to their 20 employees (\$5,000 in total per quarter and \$20,000 over 4 quarters). Each quarter, the company pools the attributed benefits in 1 worksheet because no employee receives more than \$2,000 per year in benefits.

The total for the 4 quarters including March is not more than the \$22,500 limit. In the March quarter they enter the total pooled benefit value of \$5,000 in the limit field. The taxable value is \$0.00.

Total benefits previous quarter		Employee details	
<input type="text" value="\$5,000.00"/>		Name	<input type="text" value="Pooled"/>
Total benefits 2 quarters previous		IRD number	<input type="text"/>
<input type="text" value="\$5,000.00"/>		Benefit details	
Total benefits 3 quarters previous		Description	<input type="text" value="Gift baskets"/>
<input type="text" value="\$5,000.00"/>		Benefit value	<input type="text" value="5,000.00"/>
Total value		Employee contributions	<input type="text"/>
<input type="text" value="\$20,000.00"/>		Total benefit	<input type="text" value="5,000.00"/>
Total taxable value		Limit	<input type="text" value="5,000.00"/>
<input type="text" value="\$0.00"/>		Taxable value	<input type="text" value="0.00"/>

Example – Benefits more than \$22,500 all employee limit for quarterly returns

A company provides gift baskets to their 20 employees. Each quarter, the company pools the attributed benefits in 1 worksheet because the benefit values received by all employees is no more than \$2,000 per year, per employee.

In the last 3 quarters, the benefit value was \$5,000 per quarter. In the March quarter, the total benefits provided increased to \$8,000 (\$23,000 in total for the 4 quarters).

The company enters the last 3 quarter's unclassified benefits and adds the current quarter's unclassified benefits in a new worksheet. Because the total value of benefits for all 4 quarters is more than \$22,500, the limit is \$0.00. FBT applies to the full amount of \$8,000.

Total benefits previous quarter		Employee details	
<input type="text" value="\$5,000.00"/>		Name	<input type="text" value="Pooled"/>
Total benefits 2 quarters previous		IRD number	<input type="text"/>
<input type="text" value="\$5,000.00"/>		Benefit details	
Total benefits 3 quarters previous		Description	<input type="text" value="Gift baskets"/>
<input type="text" value="\$5,000.00"/>		Benefit value	<input type="text" value="8,000.00"/>
Total value		Employee contributions	<input type="text"/>
<input type="text" value="\$23,000.00"/>		Total benefit	<input type="text" value="8,000.00"/>
Total taxable value		Limit	<input type="text" value="0.00"/>
<input type="text" value="\$8,000.00"/>		Taxable value	<input type="text" value="8,000.00"/>

Note

If some employees receive more than \$300 each in a quarter or \$1,200 a year, you must show these employees individually or in a separate pool. FBT applies to each of the employees receiving taxable fringe benefits over the per employee limit.

Example – Quarterly returns, 2 employee pools and \$22,500 not exceeded

A company provides benefits to their employees. 8 employees received more than \$300 in benefits. The company uses 2 pools:

- Pool 1 for employees receiving \$300 or less
- Pool 2 for employees receiving more than \$300 (FBT applies to the taxable value).

Employee details

Name	Pool 1
IRD number	

Benefit details

Description	Goods
Benefit value	3,500.00
Employee contributions	
Total benefit	3,500.00
Limit	3,500.00
Taxable value	0.00

Employee details

Name	Pool 2
IRD number	

Benefit details

Description	Goods
Benefit value	5,300.00
Employee contributions	
Total benefit	5,300.00
Limit	0.00
Taxable value	5,300.00

Part 4 – Subsidised transport

Fringe benefit tax applies to subsidised transport, for example air, road, rail, and sea passenger services provided to your employees if you:

- are in the business of supplying transport to the public
- are a member of a group of companies in the business of supplying transport to the public.

Subsidised transport also includes benefits provided to your employees through an arrangement with a 3rd person in the business of supplying transport to the public.

Subsidised transport is a classified benefit and is not exempt from FBT. You must pay FBT on the full value of the benefits provided, even if the entitlement is not used.

Some subsidised public transport may be exempt. For information about [exempt public transport](#) go to page 21.

Taxable value of subsidised transport benefits

The value of the benefit you provide to your employees is 25% of the highest fare charged to the public for the same service.

If a 3rd person provides subsidised transport, the value of the benefit is the highest of:

- 25% of the highest fare you charge the public for the same service
- 25% of the highest fare the 3rd person charges the public for the same service (if they are in the same group of companies as you)
- the amount you have paid or are liable to pay for the benefit provided.

Attributing subsidised transport benefits

The threshold for attributing subsidised transport is \$1,000 per employee, per year. For more information, go to [thresholds for attributing fringe benefits](#) on page 10.

Records for subsidised transport

Your records must include:

- name of employee receiving the benefit
- date of transaction
- description of the benefit provided (transport type, route/service)
- tickets or invoices
- employee contribution
- cost to you
- normal market price for services
- highest price charged to the general public for subsidised transport.

How to complete subsidised transport in myIR

Add a worksheet for each employee or pool:

Subsidised transport	
<ul style="list-style-type: none"> • Employee name and IRD number, or pooled • Description (for example, airfare) • 25% maximum fare or the cost to you • Employee contribution. 	
We calculate the following for you:	✓
<ul style="list-style-type: none"> • Taxable value of the benefit. 	

Example – Subsidised transport

A company provides air services to the public. The company's employees can travel on their services by paying 10% of the highest fare applying at the time of travel. The highest fare at the time was \$10,000. Employee Mike pays \$1,000 for an overseas travel fare. The fringe benefit is \$1,500:

$\$10,000 \times 25\% = \$2,500$, less \$1,000 employee contribution.

Employee details	
Name	Mike
IRD number	
Benefit details	
Description	Air fare
25% maximum fare or employer cost	2,500.00
Employee contributions	1,000.00
Taxable value	1,500.00

Part 5 Low-interest loans

FBT on low-interest loans

FBT is payable on low-interest loans made to employees. A loan includes:

- all advances (such as a salary advance)
- money lent in any other way
- any credit given (including delaying recovery of a debt)
- an overdrawn current account of a shareholder.

If the interest on the loan is less than the interest calculated using the prescribed rate or market rate on the daily balance of the loan, FBT applies to the difference. You do not pay FBT on the actual loan you provide to an employee.

If a loan is provided by another person on your behalf, FBT may also apply. For example, you must pay FBT on any low-interest loan provided to an employee by an associated company in a group of companies.

Prescribed interest rates

Rates are reviewed quarterly.

- **Increased rate** – the new rate applies from the start of the next quarter, provided the change is made at least 1 month before the quarter begins.
- **Reduced rate** – the new rate can apply to the current quarter, provided the change is made at least 1 month before the quarter ends.

For the current prescribed interest rates, go to ird.govt.nz/fbt-pir

Market rate for banks and financial institutions

The market rate can be used to calculate interest on employment-related loans by:

- banks
- financial institutions
- employers in a group of companies that includes a member in the business of lending money to the public.

Interest using the market rate is calculated on the daily balance of the loan during the relevant quarter, income year or annual tax year.

If you choose to use the market rate instead of the prescribed rate, you must continue to use it for the income year elected and the next income year.

The following methods can be used to define market interest:

Comparable group

Use the interest rate that applies to a group of borrowers who:

- have a similar credit risk to the employee, and
- are not connected to you, and
- are large enough in number to ensure the loan terms are fair and at arm's length.

Example

A bank provides loans to their employees on terms identical to those they offer to a group of government employees, but not to the general public. The market interest rate is the one offered to the group of government employees.

Lender's lowest rate

Use the lowest interest rate offered for similar loans:

- to customers with similar financial characteristics to the employee, and
- in the normal course of business, and
- during the same quarter the loan is given, or the quarter immediately before the quarter, if it is too difficult to calculate for this one.

FBT not payable for certain loans

Commercial credit available to the public

FBT does not apply to credit offered to your employees on the same basis available to the general public. This is because the interest rate is the same rate the general public receives.

Example

A business offers their customers interest-free finance to buy new cars. Their employee Sarah buys a new car under the interest-free finance being offered. Even though there is no interest payable, and it's lower than the prescribed rate, no FBT is payable as the finance is available to the general public.

Wage advances

Loans provided by you as an advance against future salary or wages do not have FBT, provided the combined amount outstanding for an employee is not more than \$2,000 and the contract of employment does not require you to make the advance.

Example

An employee asks for an emergency advance of \$1,500 against next month's pay to get their car repaired. The employer gives the advance to be repaid over the next 6 months. No FBT is payable on the wage advance.

Note

The wage advance exemption does not apply to loans secured against real property, such as a mortgage.

Employee share loans

For an employee share loan to be exempt from FBT, it must meet all of the following criteria.

- The sole purpose and use of the loan, for the period the loan is outstanding, is to enable the employee to acquire shares, rights, or options in your company or in a company associated with you.
- The shares, rights or options must be beneficially owned by the employee at all times for the period of the loan.
- A condition of the loan agreement is it must be repaid in full immediately if the employee ceases to be the beneficial owner of any of the shares, rights or options.
- Your company issuing the shares, rights or options is not a qualifying company.
- The loan is not made under an exempt employee share scheme.
- You and your employee are not associated persons.
- Your company issuing the shares, rights or options maintains a dividend paying policy for the period of the loan.

Exempt employee share purchase scheme

FBT is not payable on a loan provided to employees under an exempt employee share purchase scheme.

Overdrawn shareholder current account

FBT is payable on the difference between the prescribed rate (or market rate) of the daily interest calculated on the overdrawn shareholder current account, and the actual interest charged and debited.

Certain shareholder income credited to the current account for the purpose of repaying the loan is applied on the later of:

- the 1st day of the income year, or
- the day the current account balance first became overdrawn during the income year.

Shareholders can elect to treat the income as derived in the previous year to reduce the overdrawn current account balance. You must notify us if the shareholder makes this election by the due date of your income tax return for the earlier period.

If your company files income year or annual returns, work out the interest on the current account and pay any FBT by the due date.

If your company has already filed quarterly returns:

- work out the interest and FBT payable on the current account for each quarter in the year
- amend your quarterly returns.

Late payment penalties, interest or shortfall penalties may be charged on the additional FBT payable.

Example

On the 31 March 2025, Thomas has an overdrawn current account balance. The current account became overdrawn on 1 January 2025.

In the 2026 tax year, Thomas is allocated a shareholder salary and elects to apply this income to the 2025 year to clear the overdrawn current account balance.

The income is treated as being received on 1 January 2025 (the date the current account became overdrawn). Thomas' employer amends their 31 March 2025 return to remove the employment related loan as the current account is no longer overdrawn.

Expense accounts

If you provide employees with interest-free expense accounts that can be used to purchase goods and services for private use, FBT is payable on interest at the prescribed rate (or market rate) calculated on a daily basis on the account's debit balance.

Note

FBT is not payable if you charge interest to the expense account on a daily basis at the prescribed rate (or market rate).

Loans to life insurance policy holders

Where the holder of a life insurance policy in New Zealand receives a loan from the life insurer, FBT is payable as though the life insurer was the employer of the policy holder, and the loan was an employment-related loan. This also applies if the loan is offered to an associated person of the policy holder.

FBT is payable on the difference between the interest rate charged to the policy holder (or associated person) and the prescribed rate of interest. However, if the rate of interest on the loan given to the policy holder is exactly the same as loans available to the general public, no FBT is payable.

Note

Under the alternate rate calculation option, loans by life insurers to life insurance policy holders are classified as pooled fringe benefits and do not need to be attributed.

Taxable value of interest

The taxable value of the fringe benefit is:

- the difference between the interest calculated on the daily balance of the loan for your return period using the prescribed rate (or market rate) for that period, and
- the interest charged on the loan for the period.

Interest for income and annual year FBT returns

If you complete income year or annual returns, you must calculate the interest for each quarter using the prescribed rate (or market rate) applying on each day and add the 4 taxable values together to get the total for the return period.

For income year returns, the standard quarters may not align. You must still calculate the interest on the daily balance of the loan, using the prescribed rate (or market rate) applying on each day. This means that some income years may span 5 standard quarters.

Accrued interest

Accrued interest must be calculated based on your return period. For example, each quarter if you file quarterly returns.

Daily loan balance

You must work out the interest on the daily loan balance using the prescribed rate (or market rate) of interest. To work out the daily balance, you'll need:

- the loan balance at the beginning of the quarter
- all repayments or reductions to the loan and the dates
- interest and other charges incurred and the dates.

Attributing low-interest loan benefits

All low-interest loans must be attributed to the employee receiving the benefit unless they are loans to life insurance policy holders from a life insurer which can be pooled. For more information go to [thresholds for attributing fringe benefits](#) on page 10.

Records for low-interest loans

Your records for low-interest loans must show the:

- name of the employee receiving the loan
- date the loan started
- description of the loan
- interest rate
- amount of interest charged
- amount of interest at the prescribed or market rate.

How to complete low-interest loan worksheets in myIR

Complete a worksheet for each employee or pool (life insurance policy holders only).

Low-interest loan worksheets	
<ul style="list-style-type: none"> • Employee name or pooled • IRD number • Market rate – only tick this box if the market rate is used • Year loan granted to employee • Interest rate – the rate you charged on the loan balance • Market rate of interest – only shows if you have ticked market rate (banks and financial institutions only) • Prescribed interest rate applying for the return period – prefilled for you unless you’re using the market rate • Prescribed (or market) interest amount • Actual interest charged in the return period • Loan balance – at the end of the return period. 	
We calculate the following for you: 	
<ul style="list-style-type: none"> • Taxable value of the benefit. 	

Example – Quarterly returns

Sarah borrowed \$12,000 from her employer to buy a used boat. The loan agreement charges 2% interest on the daily loan balance. Sarah’s loan payments are \$300 per month. FBT is calculated on the difference between actual interest charged and interest at the prescribed rate. Sarah’s employer calculates interest using the prescribed rate for the September quarter, to work out the difference.

Prescribed interest	\$ 195.26
Less actual interest at 2% charged in September quarter	\$ 58.39
Taxable value for FBT	\$ 136.87

Employee details	
Name	Sarah
IRD number	
Benefit details	
Use market rate	<input type="checkbox"/>
Year granted	
Interest rate %	2.00
Prescribed rate %	
Prescribed interest	195.26
Actual interest	58.39
Loan balance	11,118.77
Taxable value	136.87

Part 6 – Contributions to funds, insurance and superannuation schemes

Contribution categories

FBT is payable on any contributions or premiums you pay on behalf of an employee for:

- sickness, accident or death benefit fund approved by us
- a funeral trust
- insurance fund of a friendly society or specified insurance premiums for life, accident or medical insurance policies
- superannuation schemes where employer superannuation contribution tax (ESCT) or PAYE rules do not apply.

Note

If you're not sure if ESCT applies to your superannuation scheme, call your scheme provider, or us on 0800 377 772.

Life insurance contributions

If you take out and pay for an insurance policy for an employee, you must pay FBT on the premiums.

If the policy benefits you (not the employee), such as key person insurance, there is no FBT because the employee does not receive a benefit. The premium payments are also not taxable income for the employee.

If an employee or their family member takes out an insurance policy and the premiums are paid by you, the payments are included in the employee's taxable income and PAYE rules apply. You do not pay FBT on these contributions.

Taxable value of contributions

The fringe benefit taxable value is the total premium or contribution you made, calculated on a GST-inclusive basis, unless the goods and services being provided are zero-rated or exempt from GST.

Attributing contributions

The threshold for attributing contributions is \$1,000 per employee, per year for each of the 4 categories. For more information, go to [thresholds for attributing fringe benefits](#) on page 10.

Specified insurance premiums paid for all employees

From 1 April 2026, if you contribute to an insurance fund of a friendly society or provide a specified life, accident or medical insurance, where all employees have the same or similar benefit, you have 2 options to attribute or pool the benefit:

- attribute by dividing the total contribution by the number of employees, or
- pool the benefit and pay FBT at the applicable pooling rate.

Records for contributions

For all contribution categories, your records must include:

- the name of the employee receiving the contribution benefit
- the amount you contributed
- the date of contribution.

For each category, you'll also need to keep the following records:

Contribution category	Records
Sickness, accident or death benefit fund	Approval letter from Inland Revenue
Funeral trusts	Name of the funeral trust and date policy taken out
Life and health insurance policies	Type of policy, provider name, policy number and date taken out
Superannuation scheme contributions	Approval letter from the Financial Markets Authority, scheme name and date of approval.

How to complete employer contribution worksheets in myIR

Employer contribution worksheets

Add a worksheet for each employee or pool:

- Employee name and IRD number or pooled
- Select the category (type of contribution)
- Fund name and description (including number of employees for pooled benefits)
- Taxable value of the contribution.

Example – Pooled employer contributions

A company has a staff accident fund for 10 employees. The company contributes less than \$1,000 per employee so they pool the benefits.

Employee details	
Name	Pooled
IRD number	
Benefit details	
Category	Sickness, accident and/or death fund
Fund name and description	Staff accident fund (10 employees)
Taxable value	4,500.00

Part 7 – FBT calculation options

FBT calculation options and rates

Option	Details
Single rate 63.93% Quarterly Income year Annual	<ul style="list-style-type: none"> If you use the single rate, FBT is calculated using 63.93% on all benefits you provide to employees, regardless of how much they will earn for the tax or income year. If you're filing quarterly FBT returns, you can use the single rate for all 4 quarters. No other calculations are required if the single rate is used in all 4 quarters.
Alternate rate 49.25% Quarterly	<ul style="list-style-type: none"> The alternate rate of 49.25% can only be used in any of the quarters 1 to 3. You may want to use this option if the total of your employee's income and fringe benefits is less than \$180,000 for the tax year. You must use the single rate of 63.93% if you're not using the alternate rate of 49.25%.

Note – Quarter 4 returns

- Single rate used in any quarters 1 to 3
If you use the single rate for employees earning less than \$180,000, you may want to complete quarter 4 using 1 of the 3 alternate rate calculation options. This is because FBT may be overpaid for these employees using 63.93% rate in all 4 quarters.
- Alternate rate used in any quarters 1 to 3
If you used the alternate rate of 49.25%, you must use 1 of the 3 alternate rate calculation options in quarter 4 to calculate the FBT payable:
 - full alternate rate
 - short form alternate rate
 - pooled alternate rate.

Changing the rate for quarterly returns

If you decide to use the alternate rate option in a quarter, you cannot go back and change the option to the single rate after the return has been filed.

If you've filed all 4 quarters using the single rate, you can change to the alternate rate calculation for quarter 4. You must apply to us with the necessary information within 2 months of your quarter 4 assessment.

Income year and annual returns

If you file income year or annual returns, you can choose to:

- pay FBT at the single rate option on the taxable value of the benefits provided, or
- complete the full alternate, short form or pooled alternate rate calculation option.

Alternate rate calculation options for quarter 4, income year and annual returns

Option	Details
Full alternate rate	<p>Attributed benefits</p> <ul style="list-style-type: none"> You'll need to do separate calculations for each employee receiving attributed benefits. The calculation is based on each employee's total remuneration for the tax or income year (net income plus the total fringe benefits). <p>Non-attributed benefits</p> <p>You must use 2 pools if both rates apply to non-attributed benefits:</p> <ul style="list-style-type: none"> Pool 1 – 63.93% for benefits provided to major shareholder-employees Pool 2 – 49.25% for all other employees. <p>If a major shareholder is 1 of the recipients of non-attributed benefits that cannot be assigned, all benefits in the category are taxed at 63.93%.</p>
Short form alternate rate	<p>Attributed benefits</p> <ul style="list-style-type: none"> Apply 63.93% to all attributed benefits for all employees regardless of how much they earn or receive in attributed benefits for the tax or income year. <p>Non-attributed benefits</p> <ul style="list-style-type: none"> These are treated the same as the full alternate rate.

Pooled alternate rate	<p>Attributed benefits</p> <p>Attributed benefits have either 49.25% or 63.93% applied, depending on the employee's earnings and the value of benefits attributed to them.</p> <p>If the 49.25% rate applies to some employees and 63.93% rate for others, you must use 2 pools:</p> <p>Pool 1 – 49.25%</p> <ul style="list-style-type: none"> employees receiving income of \$160,000 or less and attributed benefits are \$13,400 or less annually, or employees receiving total remuneration (net income plus fringe benefits) less than \$129,681 for 2025 year or \$130,724 for 2026 year. <p>Pool 2 – 63.93%</p> <ul style="list-style-type: none"> all other employees not included in pool 1. <p>Non-attributed benefits</p> <p>These are treated the same as the full alternate rate.</p>
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When to attribute fringe benefits – categories and thresholds

Each fringe benefit category has a threshold for when to attribute fringe benefits to individual employees. For more information, go to [thresholds for attributing fringe benefits](#) on page 10

Full alternate rate calculation

This information applies if you have chosen to use the full alternate rate in your:

- quarter 4 return (1 January to 31 March)
- income year return
- annual return
- final quarterly return if you have stopped employing staff and no longer providing fringe benefits.

Thresholds and rates for 2025 and 2026 year onwards

There are 2 sets of rates and thresholds due to a change to income thresholds from 31 July 2024.

If you are manually calculating FBT for 2025 or 2026 years and onwards, make sure you're using the thresholds and rates for the return period year you're completing.

Note – Quarter 4 returns

If you're using the worksheet option in myIR to file your return, the calculations are done for you. You only need to enter the base information about your employees, or non-attributed pooled benefits.

Manually calculating full alternate rate for attributed benefits

You can use our paper worksheets to complete your calculations for the 2026 tax year onwards (from 1 April 2025) or 2025 tax year (1 April 2024 to 31 March 2025). To download the worksheets, go to ird.govt.nz/forms-guides

Worksheet name
FBT alternate rate calculation sheet – quarterly returns – IR417
FBT alternate rate calculation sheet – income year returns – IR418
FBT alternate rate calculation sheet – annual returns – IR419

Complete columns 1 to 9 for attributed benefits.

Note

Some calculations use whole dollars and some use dollars and cents. When the amount is in dollars and cents, the calculation is to 2 decimal places (no rounding).

1 Employee name

Add the name for each employee (tick for major shareholder-employees).

2 Income

This is the total income ([cash remuneration](#) page 7) paid to each employee for the tax or income year.

3 Tax on income

Calculate the tax on income for each person using the thresholds and rates for 2026 year onwards or 2025 year. Tax on Income is calculated on the whole dollar amount (no cents) to 2 decimal places.

2026 year onwards - from 1 April 2025

Income thresholds	Income tax rate	Accumulated income tax brackets
\$0 - \$15,600	10.50%	\$ 1,638.00
\$15,601 - \$53,500	17.50%	\$ 8,270.50
\$53,501 - \$78,100	30.00%	\$ 15,650.50
\$78,101 - \$180,000	33.00%	\$ 49,277.50
\$180,001 upwards	39.00%	

2025 year – 1 April 2024 to 31 March 2025

Income thresholds	Income tax rate	Accumulated income tax brackets
\$0 - \$14,000	10.50%	\$ 1,470.00
\$14,001 - \$15,600	12.82%	\$ 1,675.12
\$15,601 - \$48,000	17.50%	\$ 7,345.12
\$48,001 - \$53,500	21.64%	\$ 8,535.32
\$53,501 - \$70,000	30.00%	\$ 13,485.32
\$70,001 - \$78,100	30.99%	\$ 15,995.51
\$78,101 - \$180,000	33.00%	\$ 49,622.51
\$180,001 upwards	39.00%	

4 Net income

Net income is the employee's income (2) less tax on income (3) – both are in dollars and cents.

5 Total fringe benefits

This is the total taxable value of fringe benefits provided to the employee for the year. If you file quarterly returns, enter the fringe benefits provided to the employee in each quarter and add the total.

Note

The total fringe benefits provided to an employee is not the amount of FBT assessed in quarters 1 to 4.

6 Total remuneration

This is the employee's net income (4) in dollars and cents plus the total fringe benefits (5) for the year. Total remuneration is the fringe benefit-inclusive cash remuneration.

7 Tax on total remuneration

Calculate the tax using the total remuneration thresholds and the tax rates for FBT for 2026 year onwards or 2025 year. Tax on total remuneration is calculated on whole dollars.

2026 year onwards – from 1 April 2025

Total remuneration thresholds	Tax rate for FBT	Accumulated tax brackets
\$0 - \$13,962	11.73%	\$ 1,637.74
\$13,963 - \$45,230	21.21%	\$ 8,269.68
\$45,231 - \$62,450	42.86%	\$ 15,650.17
\$62,451 - \$130,723	49.25%	\$ 49,274.62
\$130,724 upwards	63.93%	

2025 year – 1 April 2024 to 31 March 2025

Total remuneration thresholds	Tax rate for FBT	Accumulated tax brackets
\$0 - \$12,530	11.73%	\$ 1,469.76
\$12,531 - \$40,580	21.21%	\$ 7,419.16
\$40,581 - \$55,980	42.86%	\$ 14,019.60
\$55,981 - \$129,680	49.25%	\$ 50,316.85
\$129,681 upwards	63.93%	

8 Tax on net income

Calculate the tax on net income (4) using the 2026 year onwards or 2025 year total remuneration income thresholds and tax rates. Tax on net income is calculated on whole dollars.

9 FBT payable for the year

The difference between the tax on total remuneration and tax on net income is the total amount payable for the year.

FBT to pay in quarter 4

FBT payable for the year less FBT assessed from quarters 1 to 3 is the amount of FBT assessed to pay in quarter 4.

- **A** – Total fringe benefit tax payable for the year – total of FBT payable amounts for each employee and pooled benefits
- **B** – Total fringe benefit tax assessed for quarters 1 to 3 (excluding GST)
- **C** – Total fringe benefit tax – subtract box B from box A
- Tick refund or tax to pay – if the amount in box B is more than box A, box C is a refund.
- Copy box C to box 6 of your IR420 quarter 4 (or final return) and tick refund or tax to pay.

FBT to pay for income year and annual returns

- **A** – Total fringe benefit tax payable for the year – total of FBT payable amounts for each employee and pooled benefits
- Copy box A to box 5 of your IR421 income year or IR422 annual return.

Example – 2026 alternate rate calculation**1 Employee name****2 Income**

Zac's income for the year 1 April 2025 to 31 March 2026 is \$78,333.50 (between \$78,101 and \$180,000).

3 Tax on income

Tax on income is calculated on whole dollars. $\$78,333 - \$78,100 = \$233$.

Tax on \$78,100	\$	15,650.50
Plus tax on \$233 x 33%	\$	76.89
Tax on income	\$	15,727.39

4 Net income

Net income is calculated on income including cents

Income	\$	78,333.50
Less tax on income	\$	15,727.39
Net income	\$	62,606.11

5 Total fringe benefits

This is the total taxable value of fringe benefits Zac received for the year 1 April 2025 to 31 March 2026:

Quarter 1	\$	1,272.00
Quarter 2	\$	1,272.00
Quarter 3	\$	1,177.60
Quarter 4	\$	1,272.00
Total fringe benefits	\$	4,993.60

6 Total remuneration

Total fringe benefits	\$	4,993.60
Plus net income	\$	62,606.11
Total remuneration	\$	67,599.71

7 Tax on total remuneration

Tax on total remuneration is calculated on whole dollars. $\$67,599 - \$62,450 = \$5,149$

Tax on \$62,450	\$	15,650.17
Plus tax on \$5,149 x 49.25%	\$	2,535.88
Tax on total remuneration	\$	18,186.05

8 Tax on net income

Tax on net income is calculated on whole dollars. $\$62,606 - \$62,450 = \$156$

Tax on \$62,450	\$	15,650.17
Plus tax on \$156 x 49.25%	\$	76.83
Tax on net income	\$	15,727.00

9 FBT payable for the year

Tax on total remuneration	\$	18,186.05
Less tax on net income	\$	15,727.00
FBT payable	\$	2,459.05

FBT to pay in quarter 4

FBT payable	\$	2,459.05
Less FBT assessed for Zac's fringe benefits (total benefits in quarters 1 to 3 x 49.25%)	\$	1,832.88
FBT to pay in quarter 4	\$	626.17

Example - 2025 alternate rate calculation**1 Employee name****2 Income**

Zac's income for the year 1 April 2024 to 31 March 2025 is \$78,333.50 (between \$78,100 and \$180,000).

3 Tax on income

Tax on income is calculated on whole dollars. $\$78,333 - \$78,100 = \$233$.

Tax on \$78,100	\$	15,995.51
Plus tax on \$233 x 33%	\$	76.89
Tax on income	\$	16,072.40

4 Net income

Net income is calculated on income including cents

Income	\$	78,333.50
Less tax on income	\$	16,072.40
Net income	\$	62,261.10

5 Total fringe benefits

This is the total taxable value of fringe benefits Zac received for the year 1 April 2024 to 31 March 2025:

Quarter 1	\$	1,272.00
Quarter 2	\$	1,272.00
Quarter 3	\$	1,272.00
Quarter 4	\$	1,272.50
Total fringe benefits	\$	5,088.50

6 Total remuneration

Total fringe benefits	\$	5,088.50
Plus net income	\$	62,261.10
Total remuneration	\$	67,349.60

7 Tax on total remuneration

Tax on total remuneration is calculated on whole dollars. $\$67,349 - \$55,980 = \$11,369$.

Tax on \$55,980	\$	14,019.60
Plus tax on \$11,369 x 49.25%	\$	5,599.23
Tax on total remuneration	\$	19,618.83

8 Tax on net income

Tax on net income is calculated on whole dollars. $\$62,261 - \$55,980 = \$6,281$

Tax on \$55,980	\$	14,019.60
Plus tax on \$6,281 x 49.25%	\$	3,093.39
Tax on net income	\$	17,112.99

9 FBT payable for the year

Tax on total remuneration	\$	19,618.83
Less tax on net income	\$	17,112.99
FBT payable	\$	2,505.84

FBT to pay in quarter 4

FBT payable	\$	2,505.84
Less FBT assessed for Zac's fringe benefits (total benefits in quarters 1 to 3 x 49.25%)	\$	1,879.38
FBT to pay in quarter 4	\$	626.46

Pooled non-attributed fringe benefits in paper worksheets

Replace the employee name with pooled.

Pooled non-attributed benefits for major shareholder-employees must be shown separately from other employees. Include the FBT rate you're using.

Example

- pooled benefits (major shareholder-employees) 63.93%
- pooled benefits (all other employees) 49.25%
- pooled vehicles (major shareholder-employees) 63.93%
- pooled vehicles (all other employees) 49.25%

Complete column 5 (total fringe benefits) and column 9 (FBT payable) in the IR417 (quarterly return), IR418 (income year return) or IR419 (annual return).

How to complete alternate rate calculations in myIR

Quarter 4 income year and annual returns

Complete a worksheet for each employee and pool.

Attributed benefits	Pooled non-attributed benefits
<ul style="list-style-type: none"> • Name 	<ul style="list-style-type: none"> • Enter pooled for the name
<ul style="list-style-type: none"> • IRD number 	<ul style="list-style-type: none"> • Leave IRD number blank
<ul style="list-style-type: none"> • Tick for major shareholder-employees (quarterly returns only) 	<ul style="list-style-type: none"> • Tick for major shareholder-employees pool (quarterly returns only)
<ul style="list-style-type: none"> • Income (cash remuneration – page 7) For major shareholder-employees income includes any interest and dividends paid to them in the year. 	<ul style="list-style-type: none"> • Leave this blank
<ul style="list-style-type: none"> • Total fringe benefits <ul style="list-style-type: none"> – For quarterly returns this is the total of all fringe benefits provided in quarters 1 to 4 – For income and annual returns, the totals for each category. 	<ul style="list-style-type: none"> • Total fringe benefits <ul style="list-style-type: none"> – For quarterly returns this is the total of all fringe benefits provided in quarters 1 to 4 – For income and annual returns, the totals for each category.
<ul style="list-style-type: none"> • Use remuneration FBT percentage – quarter 4 and annual returns only. Tick this box only if the employee's income is not known at the time of filing, and enter the FBT rate as either: <ul style="list-style-type: none"> – 63.93% – 49.25% See alternate rate when remuneration not known on page 47. Note: If you use 49.25% you must make a remuneration adjustment in your quarter 4 or annual return for next year, based on the employee's actual income from this year. 	<ul style="list-style-type: none"> • Use remuneration percentage – tick this box and enter the FBT rate: <ul style="list-style-type: none"> – 63.93% for major shareholder-employees pool – 49.25% for all other employees pool
We calculate the following for you: 	
<ul style="list-style-type: none"> • Tax on income • Net income • Total remuneration (net income plus total fringe benefits) • Tax on total remuneration • Tax on net income • FBT payable. 	<ul style="list-style-type: none"> • Total remuneration (total fringe benefits) • FBT payable based on the rate entered.

Example – 2026 quarter 4 alternate rate calculations for attributed benefits

Non-major shareholder-employee

Employee details	
Name	Zac
IRD number	
Benefit details	
Shareholder-employee	<input type="checkbox"/>
Income	78,333.50
Tax on income	15,727.39
Net income	62,606.11
Quarter 1	1,272.00
Quarter 2	1,272.00
Quarter 3	1,177.60
Quarter 4	1,272.00
Total remuneration	67,599.71
Use remuneration FBT percentage	<input type="checkbox"/>
Tax on total remuneration	18,186.05
Tax on net income	15,727.00
FBT payable	2,459.05

Major shareholder-employee – remuneration not known

Employee details	
Name	Alice
IRD number	
Benefit details	
Shareholder-employee	<input checked="" type="checkbox"/>
Income	0.00
Tax on income	0.00
Net income	0.00
Quarter 1	1,855.22
Quarter 2	2,394.50
Quarter 3	3,010.42
Quarter 4	1,369.81
Total remuneration	8,629.95
Use remuneration FBT percentage	<input checked="" type="checkbox"/>
FBT percentage used	63.93%
FBT payable	5,517.12

Example – 2026 quarter 4 alternate rate calculations for pooled benefits

Major shareholder-employee pool 63.93%

Employee details	
Name	Pooled
IRD number	
Benefit details	
Shareholder-employee	<input checked="" type="checkbox"/>
Income	0.00
Tax on income	0.00
Net income	0.00
Quarter 1	5,000.00
Quarter 2	5,000.00
Quarter 3	5,000.00
Quarter 4	5,000.00
Total remuneration	20,000.00
Use remuneration FBT percentage	<input checked="" type="checkbox"/>
FBT percentage used	63.93%
FBT payable	12,786.00

All other employees pool 49.25%

Employee details	
Name	Pooled
IRD number	
Benefit details	
Shareholder-employee	<input type="checkbox"/>
Income	0.00
Tax on income	0.00
Net income	0.00
Quarter 1	1,000.00
Quarter 2	1,000.00
Quarter 3	1,000.00
Quarter 4	1,000.00
Total remuneration	4,000.00
Use remuneration FBT percentage	<input checked="" type="checkbox"/>
FBT percentage used	49.25%
FBT payable	1,970.00

Example – 2026 annual return for attributed and pooled benefits

Attributed benefits

Employee details	
Name	Thomas
IRD number	
Benefit details	
Income	70,000.00
Tax on income	13,220.50
Net income	56,779.50
Motor vehicles	5,000.00
Unclassified benefits and gift cards	1,000.00
Subsidised transport	0.00
Low-interest loans	0.00
Contributions to funds	2,000.00
Total remuneration	64,779.50
Use remuneration FBT percentage	
Tax on total remuneration	16,797.20
Tax on net income	13,219.58
FBT payable	3,577.62

Pooled benefits

Employee details	
Name	Pooled
IRD number	
Benefit details	
Income	0.00
Tax on income	0.00
Net income	0.00
Motor vehicles	2,000.00
Unclassified benefits and gift cards	0.00
Subsidised transport	0.00
Low-interest loans	0.00
Contributions to funds	1,000.00
Total remuneration	3,000.00
Use remuneration FBT percentage	✓
FBT percentage used	49.25%
FBT payable	1,477.50

Short form alternate rate

You do not need to have the employee income details for attributed benefits using the short form alternate rate calculation option. Fringe benefits are taxed at 63.93%, regardless of the employee’s income. Use the pooled alternate rate worksheet and complete 1 for each pool.

Attributed and pooled benefits	
<ul style="list-style-type: none"> Name – enter attributed or pooled 	
<ul style="list-style-type: none"> Leave IRD number blank for pooled benefits 	
<ul style="list-style-type: none"> Rate % <ul style="list-style-type: none"> – attributed benefits for all employees 63.93% – pooled benefits for major shareholder-employees 63.93% – all other employees pool 49.25% 	
<ul style="list-style-type: none"> Fringe benefits: <ul style="list-style-type: none"> – quarterly returns – this is the total of all fringe benefits provided in quarters 1 to 4 – income and annual returns – this is the totals for each category. 	
<p>We calculate the following for you: </p>	
<ul style="list-style-type: none"> FBT payable. 	

Example – Short form alternate rate calculation for income year and annual returns

Employee details	Employee details	Employee details
Attributed	Pooled – major shareholders	Pooled – other employees
Employee IRD	Employee IRD	Employee IRD
Rate (%)	Rate (%)	Rate (%)
63.93%	63.93%	49.25%
Fringe benefit	Fringe benefit	Fringe benefit
\$10,000.00	\$15,000.00	\$5,000.00
FBT payable	FBT payable	FBT payable
\$6,393.00	\$9,589.50	\$2,462.50

Pooled alternate rate

Complete a separate worksheet for each pool.

Attributed benefits and pooled benefits

- Name – attributed or pooled
- Leave IRD number blank
- Rate – enter the rate for the pool
 - attributed benefits 49.25%
 - attributed benefits 63.93%
 - pooled benefits and pooled vehicles for all other employees 49.25%
 - pooled benefits and pooled vehicles for major shareholder-employees 63.93%
- Fringe benefits:
 - quarterly returns – enter the benefits for each quarter 1 to 4
 - income and annual returns – enter the total benefits for the tax year or income year.

We calculate the following for you:

- FBT payable.

Example – Pooled alternate rate – income year and annual returns

Employee details	Employee details	Employee details
Pooled attributed	Pooled attributed	Pooled major shareholders
Employee IRD	Employee IRD	Employee IRD
Rate (%)	Rate (%)	Rate (%)
63.93%	49.25%	63.93%
Fringe benefit	Fringe benefit	Fringe benefit
\$1,000.00	\$1,000.00	\$3,000.00
FBT payable	FBT payable	FBT payable
\$639.30	\$492.50	\$1,917.90

Employee details	Employee details
Pooled	Pooled vehicles
Employee IRD	Employee IRD
Rate (%)	Rate (%)
49.25%	49.25%
Fringe benefit	Fringe benefit
\$5,000.00	\$3,000.00
FBT payable	FBT payable
\$2,462.50	\$1,477.50

Note

If you have pooled non-attributed benefits and pooled vehicles using the same FBT rate, you can combine these in 1 worksheet.

Alternate rate calculations when employee's income is not known

If you do not have all the employee's income details when you file your quarter 4 or annual return, the calculation for FBT payable is based on the total attributed fringe benefits the employee received in the tax year, multiplied by the FBT rate 49.25% or 63.93%.

This only applies to shareholder-employees and employees who receive [attributed income](#) from a company or trust that is their employer (see page 7).

- If you use the 49.25% rate, you must complete a remuneration adjustment in next year's quarter 4 or annual return.
- If you use the 63.93% rate, you do not need to make a remuneration adjustment in the next year.

Example – Completing alternate rate worksheets for employees when remuneration is not known in the return period

John received \$25,000 in fringe benefits in the 2025 annual return period. Their employer did not have all John's income details when the return was filed. The employer used 49.25% to calculate the FBT and paid \$12,312.50 for John's fringe benefits.

$$\$25,000 \times 49.25\% = \$12,312.50$$

How to complete remuneration adjustments in myIR in the next year

Add a worksheet for each employee from the previous year's quarter 4 or annual FBT return where the income details were not known at the time of filing. Enter the following information:

Remuneration adjustments

- Employee name
- IRD number
- Last year's income
- Total fringe benefits (from last year) for each benefit category
- FBT paid last year for the employee.

We calculate the following for you:



- Tax on income
- Net income
- Total remuneration
- Tax on total remuneration (net income plus benefits)
- Tax on net income
- FBT payable for last year
- Adjustment required.

Example – Remuneration adjustment in 31 March 2026 annual return

John's remuneration details were not known when the employer completed their 31 March 2025 annual return. The employer used 49.25% to calculate the FBT and paid \$12,312.50.

In their 2026 annual return, the employer must complete an adjustment based on John's total remuneration for the 2025 tax year. They complete a remuneration worksheet with John's actual income details.

- Tax on income is calculated using the [2025 year income tax thresholds and rates](#) (page 39).
- Tax on total remuneration and tax on net income is calculated using the [2025 total remuneration thresholds and rates](#) (page 40)

John's 2025 year income	\$ 160,000.00
Less tax on income	\$ 43,022.51
Net income	\$ 116,977.49
Plus 2025 total fringe benefits	\$ 25,000.00
Total remuneration for 2025	\$ 141,977.49
Tax on total remuneration	\$ 58,178.32
Less tax on net income	\$ 44,060.62
FBT payable for last year	\$ 14,117.70
Less FBT paid last year	\$ 12,312.50
Remuneration adjustment required in 2026 annual return	\$ 1,805.20

Part 8 – Completing your FBT returns

Filing in myIR

Log in to myIR:

- from your FBT account, select **returns and transactions**
- select **file return** for the return period.

Final return

- Quarterly returns – only select **Yes** if you will not be providing fringe benefits in the future and this is your final FBT return.
- If you're filing income year or annual returns, the final return question is after you review your FBT and make your declaration.

Filing options

There are 2 options for completing FBT calculations:

1. **Use my values** – you can use this option if you've already calculated your taxable fringe benefits from your own records.
2. **Use calculation worksheets** – you can use our worksheets to calculate the amount of FBT payable for the different categories of fringe benefits you provide.

Using calculation worksheets

If you're using our worksheets, select the categories for the benefits you provide. Follow the linked instructions for completing each category:

- [Motor vehicles](#) page 19
- [Unclassified benefits and gift cards](#) page 26
- [Subsidised transport](#) page 29
- [Low-interest loans](#) page 34
- [Contributions to funds, insurance, superannuation schemes](#) page 36
- [Alternate rate*](#) page 43
- [Remuneration*](#) page 48
- [Pooled alternate rate](#) page 46

Note

*For quarterly returns, the alternate rate, remuneration and pooled alternate rate worksheets only show in quarter 4.

Enter the required information for each employee or pool for the categories that apply. The calculations to work out the FBT payable are done for you in myIR.

Taxable benefits for FBT calculation

- If you're using the calculation worksheet, the taxable benefit amount is completed for you.
- If you're using the pooled alternate rate worksheet, use the change taxable amount toggle to enter your taxable benefits.
- For the **use my values** option, enter the taxable fringe benefits from your records in the FBT calculation.

Quarterly returns 1 to 3

- Enter the taxable benefits for the quarter (use my values option only)
- Select the FBT rate 63.93% (single) or 49.25% (alternate rate)
- Enter exempt and/or zero-rated GST fringe benefits.

We calculate the following for you:



- Taxable fringe benefits (if you're using calculation worksheets)
- FBT to pay based on the rate you're using
- GST (on taxable fringe benefits less exempt and zero-rated benefits)
- Total tax to pay (FBT + GST).

If the GST amount is different to your calculations, you can use the **Change GST amount** toggle to enter your value (for more information go to [GST](#) on page 50).

Example – Quarter 1, 2 or 3 FBT calculation using FBT worksheets**FBT calculation**

Taxable benefits for quarter

\$1,100.00

Change taxable amount



Single rate (63.93%)



Alternate rate (49.25%)



FBT rate %

63.93%

FBT to pay

\$703.23

GST exempt/zero-rated fringe benefits

0.00

Change GST amount



GST

\$143.48

Total tax to pay

\$846.71

Quarter 4

- Enter the taxable benefits for the quarter (use my values option and pooled alternate rate)
- For alternate rate calculations, use **Change FBT to pay amount** toggle to open the field and enter your amount
- Enter the amount of any exempt or zero-rated GST fringe benefits.

We calculate the following for you:

- Taxable fringe benefits (if you're using calculation worksheets)
- FBT rate
- FBT to pay (or your calculation)
- GST (on taxable fringe benefits less exempt and zero-rated benefits)
- Total tax to pay (FBT + GST).

If the GST amount is different to your calculations, you can use the **Change GST amount** toggle to enter your value (for more information see GST below).

Income year and annual returns

- Enter the taxable benefits for the period (use my values option and pooled alternate rate).
- For alternate rate calculations, use **Change FBT to pay amount toggle** to open the field and enter your amount.
- Enter the amount of any exempt or zero-rated GST fringe benefits.

We calculate the following for you:

- Taxable fringe benefits (if you're using calculation worksheets)
- FBT rate (defaults to 63.93%)
- FBT to pay (or your calculation)
- GST (on taxable fringe benefits less exempt and zero-rated benefits)
- Total tax to pay (FBT + GST).

If the GST amount is different to your calculations, you can use the **Change GST amount** toggle to enter your value (for more information see GST below).

GST

GST is calculated in your FBT return. It is payable on the taxable value of most fringe benefits you provide.

- Value x 3 ÷ 23 = GST payable for FBT.

Note

GST calculated in your FBT return is not included in your GST return.

GST exempt and/or zero-rated supplies

You do not pay GST on fringe benefits that are exempt or zero-rated supplies, such as:

- low-interest loans
- other financial services
- international travel
- contributions to employee superannuation and life insurance policies.

If you're filing returns in myIR, enter the value in the GST exempt and/or zero-rated taxable fringe benefits field. This automatically recalculates the GST.

For paper returns, subtract the taxable value of exempt and/or zero-rated supplies from the total taxable benefits to calculate the GST amount on the remaining taxable value.

Example

A company in the business of supplying international and domestic transport to the public, subsidises flights for their employees. The total taxable fringe benefits provided to employees is \$15,000.

- \$10,000 for international travel – no GST applies as it is a zero-rated supply
- \$5,000 for domestic travel – GST applies.

If the company is filing their return in myIR, they exclude international travel by entering \$10,000 in the GST exempt and/or zero-rated fringe benefits field. GST is calculated on the \$5,000 (domestic travel amount).

If the company files paper returns, they subtract \$10,000 zero-rated amount from the total taxable benefits and calculate GST on the remaining \$5,000.

Fringe benefits used for making exempt supplies – change GST amount

If your business makes exempt supplies, there may be other GST adjustments you need to make. GST is not payable to the extent the fringe benefits are provided while making exempt supplies.

- In myIR, use the change GST amount toggle to enter your adjusted GST amount.
- If you're filing paper returns, calculate the GST on the taxable value of fringe benefits excluding GST exempt and zero-rated benefits and make an adjustment for the fringe benefits relating to exempt supplies.

Other GST adjustments

There are some other situations where you may need to change the GST amount, for example:

- you're not GST registered (no GST should be added to FBT to pay)
- you became GST registered or stopped being registered part way through the return period (GST only applies to the taxable benefits provided in the period you are or were GST registered).

In myIR, use the change GST amount toggle to enter your adjusted GST amount. If you're not GST registered, enter 0.00.

For paper returns:

- if you're not registered for GST, leave the GST box blank
- if you were not GST registered for the whole period, you only need to pay GST on the value of taxable benefits provided in the time you're registered.

GST and income tax for employee contributions

When an employee contributes towards a fringe benefit the payment you receive must be included in your GST and income tax returns.

Example

Sara's employer provides subsidised health care insurance. Sara contributes \$100 towards the monthly premium of \$250. The value of the fringe benefit is \$150 – the amount FBT is calculated on.

- Employer's GST return – \$250 monthly premium is included as purchases (input tax) and the \$100 contribution as sales (output tax).
- Employer's income tax return – the \$250 premium less GST is included as a deductible expense and the \$100 less GST contribution is assessable income.

Final FBT returns and cancelling your registration

When you cannot cancel your FBT registration

You cannot cancel your FBT registration while you are providing fringe benefits.

- Low-interest loans – you must continue to file FBT returns until the loan is repaid.
- Fringe benefits provided to former employees – you must continue to file returns and pay the FBT.

Stopped employing staff and providing all fringe benefits

If you have permanently stopped employing staff and providing all fringe benefits, you can cancel both your employer and FBT registrations in myIR.

Note

You must file your final FBT return before cancelling your registration.

Filing your final return

You can complete your final return using the:

- single rate of 63.93%
- full alternate rate calculation
- pooled alternate rate calculation
- short form alternate rate calculation.

If you are filing your final return in myIR, select Yes.

Final return

Is this your final FBT return?

Yes
 No

Note

If you're filing paper returns call us on 0800 377 772 to let us know you've stopped employing and providing fringe benefits.

Final FBT return and payment due date

For quarter 4, income year and annual returns, there is no change to the due date for filing your final FBT return.

If you file quarterly returns and have stopped employing and providing fringe benefits in quarters 1 to 3, your due date for filing the final return and making your payment is extended:

Quarter	Return period	New final return and payment due date	Original date
1	1 April to 30 June	31 August	20 July
2	1 July to 30 September	30 November	20 October
3	1 October to 31 December	28 February	20 January

Still employing staff but stopped providing fringe benefits

Quarterly returns

If you file quarterly, you must continue filing returns until the end of the tax year. Show the taxable fringe benefits as 0.00 for any quarter you did not provide fringe benefits to employees.

If you have used the 49.25% alternate rate in a prior quarter, you must complete an alternate rate calculation in quarter 4. The calculation uses the employee's income for the tax year. For employees who still work for you, their taxable income cannot be confirmed until after the tax year end.

If you have only used 63.93% single rate, you still have the option to complete an alternate rate calculation in quarter 4.

Income year and annual returns

If you file income year or annual FBT returns, and you're not using the alternate rate calculation, you can cancel your registration when you file your final FBT return.

If you are using the alternate rate calculation, you'll need the income information required for the year before you file your final return and cancel your registration.

Cancelling your FBT registration

To cancel your FBT registration in myIR, go to your:

- FBT account panel, select More... > Manage account > Cancel account registration, or
- send a message from myIR – I want to... > Communicating with IR > Send a message

If you file by paper, include a note with your final FBT return to let us know you have stopped providing fringe benefits but are still employing, or call us on 0800 377 772. You must file your final return before cancelling your registration.

Note

If you start to employ again and provide fringe benefits, you must re-register as an employer and for FBT.

Filling out worksheets and filing paper returns

We recommend using myIR to complete your FBT return. All you need to do is add base information about your employee and details of the fringe benefits provided, and myIR does most of the calculations for you. If you do not want to use myIR or cannot access it reliably, you can file using our paper FBT returns and worksheets.

If you choose to file by paper we automatically send FBT returns to you before the due date for filing.

You can manually calculate FBT using our worksheets or you can use our FBT calculators for quarterly, income year and annual returns, go to ird.govt.nz/fbt-calculators

Download paper worksheets from ird.govt.nz/forms-guides

Return type	Taxable value calculations	Alternate rate calculations
Quarterly	IR427	IR417
Income year	IR428	IR418
Annual	IR429	IR419

If you need to do remuneration adjustments – copy the worksheet on page 56 of this guide.

Transferring information from FBT worksheets to your FBT return

Quarterly returns

- Copy the taxable value from box F of the IR427 to box 3 of your IR420 return.
- Quarter 4 only – no remuneration adjustments:
 - copy box C from the IR417 worksheet to box 6 of your IR420
- Quarter 4 only – with remuneration adjustments:
 - copy box C from the IR417 worksheet to box B1 of the remuneration adjustment worksheet
 - copy box C1 from the remuneration adjustment worksheet to box 6 of your IR420.

Income year returns

- Copy the taxable value from box F of the IR428 to box 3 of your IR421 return.
- Copy box A from your IR418 worksheet (if you're using the alternate rate calculation) to box 5 of your IR421.

Annual returns

- Copy the taxable value from box F of the IR429 to box 3 of your IR422 return.
- No remuneration adjustment:
 - copy box A from the IR419 worksheet to box 5 of your IR422 return
- Remuneration adjustment:
 - copy box A from the IR419 worksheet to box B1 of the remuneration adjustment worksheet
 - copy box C1 from the remuneration adjustment worksheet to box 5 of your IR422.

Completing your paper FBT return

For each of the fringe benefit types, complete the worksheets to work out your attributed and pooled non-attributed taxable values. Transfer the final amount to your FBT return.

IR420 quarterly returns

Follow the instructions in the IR420 return to work out the amount of FBT to pay or refund:

- quarters 1 to 3 complete sections A, B and D
- quarter 4 complete sections A, C and D.

IR421 income year and IR422 annual returns

Follow the instructions in the return to transfer the amount of taxable fringe benefits from your worksheets (IR428 for income year, or IR429 for annual returns).

GST calculation for paper returns

GST is calculated on the value of taxable benefits from box 3 less GST exempt, zero-rated taxable benefits and other adjustments for exempt supplies. For more information, go to [GST](#) on page 51:

Example

Taxable value of fringe benefits (box 3 of the FBT return)	\$ 3,421.16
Less GST exempt and/or zero-rated taxable benefits, or other adjustments for exempt supplies	\$ 118.95
Amount for GST	\$ 3,302.21
$\$3,302.21 \times 3 \div 23 =$ GST payable for FBT	\$ 430.72

Enter the GST amount in box 7 for quarterly returns or box 6 for income year or annual returns.

Note

If you're not registered for GST, leave the amount blank.

Send your FBT return to us by the due date. If you have FBT to pay, the payment is due on the same date as your return.

How to pay your FBT

Paying in myIR when you file your returns

You have the option to make your payment when you file your returns in myIR. Follow the instructions to complete your payment. You can pay using a debit/credit card or you can set up a direct debit from your nominated bank account. You can set up a direct debit to pay later in myIR.

Other ways to pay

You can pay using a credit or debit card, or internet banking. Most New Zealand banks have a pay tax option. When making a payment, include:

- your IRD number
- the account type you're paying
- the period the payment relates to.

For all our payment options, go to ird.govt.nz/pay

Late payments

If you do not pay your FBT by the due date, you may be charged penalties and interest. Contact us if you're not able to pay on time. We'll look at your payment options, such as an instalment arrangement.

For more information about penalties and interest go to ird.govt.nz/penalties

Nil returns

You must still file FBT returns even if you have no FBT to pay.

Correcting errors in your FBT returns

If you have made an error in your FBT return, see ird.govt.nz/fixing-mistakes-in-my-return

Part 9 – Services you may need

Need to speak with us?

Have your IRD number ready and call us on one of these numbers.

General tax, tax credits and refunds	0800 775 247
Employer enquiries	0800 377 772
General business tax	0800 377 774
Overdue returns and payments	0800 377 771

Find out more at ird.govt.nz/contact-us

0800 self-service numbers

Our 0800 self-service numbers are open 7 days a week - except between 5am and 6am each day.

Make sure you have your IRD number ready when you call.

For access to your account-specific information, you'll need to be enrolled with voice ID or have a PIN.

Order forms, guides and returns	0800 257 773
All other services	0800 257 777

When you call, confirm what you want from the options given. If you need to talk with us, we'll re-direct your call to someone who can help you.

How to get our forms and guides

You can get copies of our forms and guides at ird.govt.nz/forms-guides

Voice ID

Voice ID identifies you through your unique voiceprint. Voice ID makes your calls to us faster and simpler, and your account more secure.

You can access our self-service options, for example, to reset your myIR password, 24 hours a day, 7 days a week.

We'll ask you to enrol for voice ID when you call.

Supporting businesses in our community

Our Community Compliance officers offer free tax education and advice to businesses and small organisations, as well as seminars for personal tax and entitlements.

Our Kaitakawaenga Māori offer a free advisory service to help meet the needs of Māori individuals, organisations and businesses.

Go to a seminar or workshop, or request a visit from us to find out more about:

- records you need to keep
- taxes you need to know about
- using our online services
- completing your tax returns (for example, employer returns)
- filing returns and making payments
- your KiwiSaver obligations.

Go to ird.govt.nz/contact-us and select Request a business advisory visit to find out about requesting a visit.

Find a seminar or workshop near you at ird.govt.nz/seminars

Tax information bulletin (TIB)

The TIB is our monthly publication containing detailed technical information about all tax changes. Subscribe at taxtechnical.ird.govt.nz/subscription-service and we'll send you an email when we publish each issue.

Privacy

Meeting your tax obligations means giving us accurate information so we can assess your tax and entitlements under the Acts we administer. We may charge penalties if you do not.

We may also exchange information about you with:

- some government agencies
- another country, if we have an information supply agreement with them, and
- Statistics New Zealand (for statistical purposes only).

You can ask for the personal information we hold about you. We'll give the information to you and correct any errors unless we have a lawful reason not to. Find our full privacy policy at ird.govt.nz/privacy

If you have a complaint about our service

We're committed to providing you with a quality service. If there's a problem, we'd like to know about it and have the chance to fix it.

Find out more about making a complaint at ird.govt.nz/disputes.

