



A New Tax System (Fringe Benefits) Act 2000

No. 52, 2000



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**An Act to amend the law relating to the taxation of
fringe benefits, and for related purposes**

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A New Tax System (Fringe Benefits) Act 2000

No. 52, 2000

An Act to amend the law relating to the taxation of fringe benefits, and for related purposes

[Assented to 30 May 2000]

The Parliament of Australia enacts:

1 Short title

This Act may be cited as the *A New Tax System (Fringe Benefits) Act 2000*.

2 Commencement

This Act commences on the day on which it receives the Royal Assent.

3 Schedule(s)

Each Act that is specified in a Schedule to this Act is amended or repealed as set out in the applicable items in the Schedule concerned, and any other item in a Schedule to this Act has effect according to its terms.

Schedule 1—Fringe Benefits Tax Assessment Act 1986

1 Subsection 5B(1)

After “for a year of tax”, insert “earlier than the year of tax beginning on 1 April 2000”.

Note: Before subsection 5B(1) insert the heading “*Years of tax before year of tax 2000-2001*”.

2 After subsection 5B(1)

Insert:

Year of tax 2000-2001 and later years

- (1A) Subject to subsection (1D), an employer’s ***fringe benefits taxable amount*** for the year of tax beginning on 1 April 2000 or a later year of tax is the sum of the subsection (1B) amount and the subsection (1C) amount.

Note: Other provisions affect the fringe benefits taxable amount. For example, see section 124 (about assessments).

Subsection (1B) amount

- (1B) The ***subsection (1B) amount*** is the amount worked out using the formula:

$$\begin{array}{c} \text{Type 1} \\ \text{aggregate} \\ \text{fringe benefits} \\ \text{amount} \end{array} \times \frac{\text{FBT rate} + \text{GST rate}}{\left(1 - \text{FBT rate}\right) \times \left(1 + \text{GST rate}\right)} \times \text{FBT rate}$$

Subsection (1C) amount

- (1C) The ***subsection (1C) amount*** is the amount worked out using the formula:

$$\begin{array}{c} \text{Type 2 aggregate} \\ \text{fringe benefits} \\ \text{amount} \end{array} \times \frac{1}{1 - \text{FBT rate}}$$

*Increase in fringe benefits taxable amount for year of tax
2000-2001 and later years*

- (1D) If any benefits provided in respect of the employment of an employee of an employer are exempt benefits under section 57A, the employer's **fringe benefits taxable amount** for the year of tax beginning on 1 April 2000 or a later year of tax as worked out under subsection (1A) is increased by the employer's aggregate non-exempt amount for the year of tax concerned.

How to work out aggregate non-exempt amount

- (1E) An employer's **aggregate non-exempt amount** for the year of tax is worked out as follows.

Method statement

Step 1. For each employee, add:

- (a) the individual grossed-up type 1 non-exempt amount (see subsection (1F)) in relation to the employer for the year of tax; and
- (b) the individual grossed-up type 2 non-exempt amount (see subsection (1G)) in relation to the employer for the year of tax.

The result is the **individual grossed-up non-exempt amount** for the employee.

Step 2. If:

- (a) the employer is a public hospital that is a public benevolent institution; or
- (b) the employer is a government body and the duties of the employment of one or more employees are as described in paragraph 57A(2)(b) (which is about duties of employment being exclusively performed in or in connection with certain hospitals); or

(c) the employer is a public hospital described in subsection 57A(3) (which is about public hospitals other than hospitals connected with the Commonwealth, a State or a Territory); or

(d) the employer is a hospital described in subsection 57A(4) (which is about hospitals carried on by non-profit societies and associations);

subtract \$17,000 from the individual grossed-up non-exempt amount for each employee of the employer referred to in paragraph (a), (c) or (d), or each employee referred to in paragraph (b), for the year of tax. However, if the individual grossed-up non-exempt amount for such an employee is equal to or less than \$17,000, the amount calculated under this step for the employee is nil.

Step 3. If step 2 does not apply in respect of one or more employees of the employer:

(a) reduce the individual grossed-up non-exempt amount for each such employee for the year of tax beginning on 1 April 2000 to zero; and

(b) reduce the individual grossed-up non-exempt amount for each such employee for a later year of tax by \$30,000, but not below zero.

Step 4. Add together the amounts calculated under steps 2 and 3 in relation to the employees of the employer. The total amount is the employer's **aggregate non-exempt amount** for the year of tax.

Individual grossed-up type 1 non-exempt amount

(1F) For the purposes of step 1 in the method statement in subsection (1E), the **individual grossed-up type 1 non-exempt amount** of an employee in relation to the employer for the year of tax is:

$$\text{Type 1 individual base non-exempt amount} \times \frac{\text{FBT rate} + \text{GST rate}}{\left(1 - \text{FBT rate}\right) \times \left(1 + \text{GST rate}\right)} \times \frac{\text{FBT rate}}{\text{rate}}$$

Individual grossed-up type 2 non-exempt amount

- (1G) For the purposes of step 1 in the method statement in subsection (1E), the **individual grossed-up type 2 non-exempt amount** of an employee in relation to the employer for the year of tax is:

$$\text{Type 2 individual base non-exempt amount} \times \frac{1}{\left(1 - \text{FBT rate}\right)}$$

Working out the type 1 individual base non-exempt amount

- (1H) An employee's **type 1 individual base non-exempt amount** in relation to the employer for the year of tax is worked out by adding the amounts worked out under step 3 of the method statement in subsection (1K) and step 3 of the method statement in subsection (1L).

Working out the type 2 individual base non-exempt amount

- (1J) An employee's **type 2 individual base non-exempt amount** in relation to the employer for the year of tax is worked out by adding the amounts worked out under step 4 of the method statement in subsection (1K) and step 4 of the method statement in subsection (1L).

Working out the subsection (1K) amounts

- (1K) An employee's subsection (1K) amounts for the year of tax are worked out as follows.

Method statement

Step 1. Work out under subsection 135Q(3) for each of the employer's employees the amount that would be the

employee's individual fringe benefit amount for the year of tax in respect of the employee's employment by the employer if subsection 135Q(1) were amended:

- (a) by omitting "or 58"; and
- (b) by omitting "one of those sections" from paragraph (b) and "those sections" from paragraph (c) and substituting in each case "that section".

Step 2. Identify the benefits taken into account in step 1 that are GST-creditable benefits (see section 149A).

Step 3. So much of the amount worked out under step 1 that relates to the benefits identified under step 2 is the ***step 3 of subsection (1K) amount*** for the individual.

Step 4. The remainder of the amount is the ***step 4 of subsection (1K) amount*** for the individual.

Working out the subsection (1L) amounts

- (1L) An employee's subsection (1L) amounts for the year of tax are worked out as follows.

Method statement

Step 1. Work out for each employee his or her share (if any) of the amounts that, if section 57A did not apply, would be the taxable values of the excluded fringe benefits for the year of tax in respect of the employee's employment by the employer if those benefits were not excluded fringe benefits, but disregarding benefits:

- (a) that constitute the provision of meal entertainment as defined in section 37AD (whether or not the employer made an election under section 37AA); or
- (b) that are car parking fringe benefits; or

- (c) whose taxable values are wholly or partly attributable to entertainment facility leasing expenses.

Step 2. Identify the benefits taken into account in step 1 that are GST-creditable benefits (see section 149A).

Step 3. So much of the amount worked out under step 1 that relates to the benefits identified under step 2 is the ***step 3 of subsection (1L) amount*** for the individual.

Step 4. The remainder of the amount is the ***step 4 of subsection (1L) amount*** for the individual.

3 Subsection 5B(2)

Omit “Subsection (1)”, substitute “This section”.

Note: Before subsection 5B(2) insert the heading “*Using aggregate fringe benefits amount for most recent base year*”.

4 At the end of section 5B

Add:

Definitions

(3) In this section:

FBT rate means the rate of fringe benefits tax for the year of tax.

GST rate means the rate of goods and services tax payable under the *A New Tax System (Goods and Services Tax) Act 1999* for the year of tax.

type 1 aggregate fringe benefits amount means the employer’s type 1 aggregate fringe benefits amount for the year of tax worked out under subsection 5C(3).

type 2 aggregate fringe benefits amount means the employer’s type 2 aggregate fringe benefits amount for the year of tax worked out under subsection 5C(4).

5 Section 5C

After “for a year of tax”, insert “earlier than the year of tax beginning on 1 April 2000”.

6 Section 5C (note)

Repeal the note.

7 At the end of section 5C

Add:

- (2) An employer’s **aggregate fringe benefits amount** for the year of tax beginning on 1 April 2000 or a later year of tax is the sum of the employer’s type 1 aggregate fringe benefits amount and the employer’s type 2 aggregate fringe benefits amount for the year of tax.
- (3) Work out an employer’s **type 1 aggregate fringe benefits amount** for a year of tax as follows.

Method statement

Step 1. Identify the fringe benefits in respect of each of the employer’s employees that are GST-creditable benefits (see section 149A), and work out under Division 3 for each of those employees the individual fringe benefits amount for the year of tax in relation to those fringe benefits.

Step 2. Add up all the individual fringe benefits amounts worked out under step 1.

Step 3. Identify the excluded fringe benefits for the year of tax in respect of each of the employer’s employees that are GST-creditable benefits (see section 149A), and add up the taxable values of all those excluded fringe benefits.

Note: Subsection 5E(3) explains what is an excluded fringe benefit.

Step 4. Add the total from step 2 to the total from step 3. The total amount is the employer’s **type 1 aggregate fringe benefits amount** for the year of tax.

- (4) Work out an employer's *type 2 aggregate fringe benefits amount* for a year of tax as follows.

Method statement

Step 1. Identify, in respect of each of the employer's employees, the fringe benefits that are not taken into account under step 1 of the method statement in subsection (3), and work out under Division 3 for each of those employees the individual fringe benefits amount for the year of tax in relation to those fringe benefits.

Step 2. Add up all the individual fringe benefits amounts worked out under step 1.

Step 3. Identify, in respect of each of the employer's employees, the excluded fringe benefits for the year of tax that are not taken into account under step 3 of the method statement in subsection (3), and add up the taxable values of all those excluded fringe benefits.

Note: Subsection 5E(3) explains what is an excluded fringe benefit.

Step 4. Add the total from step 2 to the total from step 3. The total amount is the employer's *type 2 aggregate fringe benefits amount* for the year of tax.

Note: Other provisions may affect the aggregate fringe benefits amount. For example, see section 67 (about arrangements to avoid or reduce tax), section 135L (about reducing the aggregate fringe benefits amount of an employer who is in business for only part of a year of tax) and section 152B (about entertainment facility leasing expenses).

8 Paragraph 5E(3)(d)

Repeal the paragraph.

9 Subsection 26(1)

Omit "(not being a remote area housing fringe benefit)".

10 Sections 29 and 29A

Repeal the sections.

11 Paragraph 57A(2)(b)

Repeal the paragraph, substitute:

- (b) the duties of the employment of the employee are exclusively performed in, or in connection with:
 - (i) a public hospital that is a public benevolent institution; or
 - (ii) a public hospital that is not a hospital of the Commonwealth, a State or a Territory and is not established by a law of the Commonwealth, a State or a Territory; or
 - (iii) a hospital carried on by a society that is a non-profit society for the purposes of section 65J or by an association that is a non-profit association for the purposes of section 65J;

12 At the end of section 57A

Add:

- (3) A benefit provided in respect of the employment of an employee is an exempt benefit if the employer of the employee is a public hospital other than a hospital:
 - (a) of the Commonwealth, a State or a Territory; or
 - (b) established by a law of the Commonwealth, a State or a Territory.
- (4) A benefit provided in respect of the employment of an employee is an exempt benefit if the employer of the employee is a hospital carried on by:
 - (a) a society that is a non-profit society for the purposes of section 65J; or
 - (b) an association that is a non-profit association for the purposes of section 65J.

Note: Subsection 65J(5) explains:

- (a) which societies are non-profit societies for the purposes of section 65J; and
- (b) which associations are non-profit associations for the purposes of section 65J.

Note: The heading to section 57A is altered by adding at the end “**and some hospitals**”.

13 Section 58ZA

Repeal the section.

14 At the end of Division 13 of Part III

Add:

58ZC Exempt benefits—remote area housing benefits

Remote area housing benefit to be exempt

- (1) A housing benefit that is a remote area housing benefit is an exempt benefit.

What constitutes remote area housing benefit

- (2) For the purposes of this section, a housing benefit in relation to an employer for a year of tax and for a unit of accommodation, being a benefit provided to an employee of the employer in respect of the employee's employment, is a **remote area housing benefit** if:
- (a) during the whole of the tenancy period, the unit of accommodation was located in a State or internal Territory and was not at a location in, or adjacent to, an eligible urban area; and
 - (b) during the whole of the tenancy period, the recipient was a current employee of the employer and the usual place of employment of the recipient was not at a location in, or adjacent to, an eligible urban area; and
 - (c) it is customary for employers in the industry in which the recipient was employed during the tenancy period to provide residential accommodation for their employees without charge or for a rent or other consideration that is less than the market value of the right to occupy or use the accommodation concerned; and
 - (d) it would be concluded that it was necessary for the employer, during the year of tax, to provide, or to arrange for the provision of, residential accommodation for employees of the employer because:
 - (i) the nature of the employer's business was such that employees of the employer were liable to be frequently required to change their places of residence; or
 - (ii) there was not, at or near the place or places at which the employees of the employer were employed, sufficient

- suitable residential accommodation for those employees (other than residential accommodation provided by or on behalf of the employer); or
- (iii) it is customary for employers in the industry in which the recipient was employed during the tenancy period to provide residential accommodation for their employees free of charge or for a rent or other consideration that is less than the market value of the right to occupy or use the accommodation concerned; and
- (e) the recipients overall housing right was not granted to the recipient under:
- (i) a non-arm's length arrangement; or
 - (ii) an arrangement that was entered into by any of the parties to the arrangement for the purpose, or for purposes that included the purpose, of enabling the employer to obtain the benefit of the application of this section.

Discretion to treat accommodation or place of employment as being remote

- (3) For the purposes of subsection (2):
- (a) if a unit of accommodation:
 - (i) is at a location in, or adjacent to, an eligible urban area; and
 - (ii) is adjacent to, or in close proximity to, another unit of accommodation that is occupied or used and is not at a location in, or adjacent to, an eligible urban area;the Commissioner may, if the Commissioner considers that it is appropriate to do so having regard to all the circumstances, treat the first-mentioned unit of accommodation as not being at a location in, or adjacent to, an eligible urban area; and
 - (b) if the usual place of employment of a person:
 - (i) is at a location in, or adjacent to, an eligible urban area; and
 - (ii) is adjacent to, or in close proximity to, another location at which people are employed, being another location that is not in, or adjacent to, an eligible urban area;the Commissioner may, if the Commissioner considers that it is appropriate to do so having regard to all the circumstances,

treat that place of employment of the first-mentioned person as not being at a location in, or adjacent to, an eligible urban area.

58ZD Exempt benefits—meals on working days

If:

- (a) an employer is carrying on a business of primary production for the purposes of the *Income Tax Assessment Act 1997*; and
 - (b) the business is carried on at a location in a State or internal Territory that is not in, or adjacent to, an eligible urban area; and
 - (c) a benefit consisting of a meal that is ready for consumption is provided on a working day to a person; and
 - (d) the benefit is not, or does not include, the provision of meal entertainment as defined in section 37AD; and
 - (e) the benefit is:
 - (i) a board benefit; or
 - (ii) a property benefit; or
 - (iii) an expense payment benefit; or
 - (iv) a residual benefit; and
 - (f) the person to whom the benefit is provided is:
 - (i) an employee of the employer, being an employee who is employed in the business and is primarily so employed at a location referred to in paragraph (b); or
 - (ii) if the benefit is a board benefit—an associate of an employee referred to in subparagraph (i); and
 - (g) the benefit is provided in respect of the employment of an employee referred to in subparagraph (f)(i);
- the benefit is an exempt benefit.

15 Subsection 59(1)

Repeal the subsection, substitute:

(1) If:

- (a) residential fuel is for use:
 - (i) in connection with the recipients unit of accommodation; and

- (ii) during the subsistence of the recipients overall housing right;
in relation to a remote area housing benefit, in relation to an employer in relation to a year of tax; and
- (b) any of the following conditions are satisfied:
 - (i) the recipients expenditure in relation to an expense payment fringe benefit in relation to the employer in relation to the year of tax or a subsequent year of tax is in respect of the supply of that residential fuel;
 - (ii) the recipients property in relation to a property fringe benefit in relation to the employer in relation to the year of tax is that residential fuel;
 - (iii) the recipients benefit in relation to a residual fringe benefit in relation to the employer in relation to the year of tax is the benefit of the consumption of that residential fuel;

the amount that, apart from this subsection and section 62, would be the taxable value of the fringe benefit referred to in paragraph (b) in relation to the year of tax is reduced by 50%.

16 Subsection 65J(1)

After “if the employer”, insert “is not a public benevolent institution and”.

17 Paragraphs 65J(1)(c) and (d)

Repeal the paragraphs.

18 Subsection 65J(2)

After “year of tax” (first occurring), insert “earlier than the year of tax beginning on 1 April 2000”.

19 After subsection 65J(2)

Insert:

Rebate for year of tax 2000-2001 and later years

- (2A) If an employer is a rebatable employer for the year of tax beginning on 1 April 2000 or a later year of tax, the employer is entitled to a rebate of tax in the employer’s assessment for the year

of tax concerned equal to the amount worked out using the formula:

$$0.48 \times \left(\text{Gross tax} - \frac{\text{Aggregate non-rebatable amount}}{\text{Total days in year}} \right) \times \frac{\text{Rebatable days in year}}{\text{Total days in year}}$$

where:

gross tax means the amount of tax payable on the fringe benefits taxable amount of the employer of the year of tax (assuming that this section had not been enacted).

rebatable days in year means the number of whole days in the year of tax when the employer engaged in activities as an employer covered by any of paragraphs (1)(a) to (l) (inclusive).

total days in year means the number of days in the year of tax excluding the days on which the employer did not engage in activities as an employer.

How to work out aggregate non-rebatable amount

- (2B) An employer's **aggregate non-rebatable amount** for the year of tax is the amount worked out as follows.

Method statement

Step 1. For each employee, add:

- (a) the individual grossed-up type 1 non-rebatable amount (see subsection (2C)) in relation to the employer for the year of tax; and
- (b) the individual grossed-up type 2 non-rebatable amount (see subsection (2D)) in relation to the employer for the year of tax.

The result is the **individual grossed-up non-rebatable amount** for the employee.

Step 2. Reduce the individual grossed-up non-rebatable amount for each employee of the employer:

<p>(a) to zero for the year of tax beginning on 1 April 2000; and</p> <p>(b) by \$30,000, but not below zero, for a later year of tax.</p> <p>Note: Paragraph (a) means the employer's aggregate non-rebatable amount for the year of tax beginning on 1 April 2000 will be nil.</p> <p><i>Step 3.</i> Add up the results of step 2 for all the employer's employees.</p> <p><i>Step 4.</i> Multiply the sum from step 3 by the FBT rate. The result is the employer's aggregate non-rebatable amount for the year of tax.</p>

Individual grossed-up type 1 non-rebatable amount

- (2C) For the purposes of step 1 in the method statement in subsection (2B), the **individual grossed-up type 1 non-rebatable amount** of an employee in relation to the employer for the year of tax is:

$$\text{Type 1 individual base non-rebatable amount} \times \frac{\text{FBT rate} + \text{GST rate}}{\left(1 - \text{FBT rate}\right) \times \left(1 + \text{GST rate}\right) \times \text{FBT rate}}$$

Individual grossed-up type 2 non-rebatable amount

- (2D) For the purposes of step 1 in the method statement in subsection (2B), the **individual grossed-up type 2 non-rebatable amount** of an employee in relation to the employer for the year of tax is:

$$\text{Type 2 individual base non-rebatable amount} \times \frac{1}{\left(1 - \text{FBT rate}\right)}$$

Working out the type 1 individual base non-rebatable amount

- (2E) An employee's **type 1 individual base non-rebatable amount** in relation to the employer for the year of tax is worked out by adding the amounts worked out under step 3 of the method statement in subsection (2G) and step 3 of the method statement in subsection (2H).

Working out the type 2 individual base non-rebatable amount

- (2F) An employee's **type 2 individual base non-rebatable amount** in relation to the employer for the year of tax is worked out by adding the amounts worked out under step 4 of the method statement in subsection (2G) and step 4 of the method statement in subsection (2H).

Working out the subsection (2G) amounts

- (2G) An employee's subsection (2G) amounts for the year of tax are worked out as follows.

Method statement

- Step 1.* Work out under section 5E for each of the employer's employees the employee's individual fringe benefits amount (if any) for the year of tax in respect of the employee's employment by the employer.
- Step 2.* Identify the benefits taken into account in step 1 that are GST-creditable benefits (see section 149A).
- Step 3.* So much of the amount worked out under step 1 that relates to the benefits identified under step 2 is the **step 3 of subsection (2G) amount** for the individual.
- Step 4.* The remainder of the amount is the **step 4 of subsection (2G) amount** for the individual.

Working out the subsection (2H) amounts

- (2H) An employee's subsection (2H) amounts for the year of tax are worked out as follows.
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Method statement

- Step 1.* Work out for each employee his or her share (if any) of the taxable values of the excluded fringe benefits for the year of tax in respect of the employee's employment by the employer, but disregarding benefits:
- (a) that constitute the provision of meal entertainment as defined in section 37AD (whether or not the employer made an election under section 37AA); or
 - (b) that are car parking fringe benefits; or
 - (c) whose taxable values are wholly or partly attributable to entertainment facility leasing expenses.
- Step 2.* Identify the benefits taken into account in step 1 that are GST-creditable benefits (see section 149A).
- Step 3.* So much of the amount worked out under step 1 that relates to the benefits identified under step 2 is the ***step 3 of subsection (2H) amount*** for the individual.
- Step 4.* The remainder of the amount is the ***step 4 of subsection (2H) amount*** for the individual.

20 Subsection 65J(4)

Repeal the subsection.

21 At the end of section 65J

Add:

Definitions

- (6) In this section:

FBT rate means the rate of fringe benefits tax for the year of tax.

GST rate means the rate of goods and services tax payable under the *A New Tax System (Goods and Services Tax) Act 1999* for the year of tax.

22 Subsection 135Q(1) (note)

Omit “, and government bodies employing persons to work in hospitals that are public benevolent institutions”, substitute “and employers of employees connected with certain hospitals”.

23 Subsection 136(1)

Insert:

aggregate non-exempt amount has the meaning given by subsection 5B(1E).

24 Subsection 136(1)

Insert:

aggregate non-rebatable amount has the meaning given by subsection 65J(2B).

25 Subsection 136(1)

Insert:

GST-creditable benefit has the meaning given by section 149A.

26 Subsection 136(1) (definition of *remote area housing fringe benefit*)

Repeal the definition.

27 Subsection 136(1) (definition of *tenancy period*)

Repeal the definition, substitute:

tenancy period, in relation to a housing benefit in relation to a year of tax, means the period during the year of tax when the housing right to which the benefit relates subsisted.

28 After section 149

Insert:

149A What is a *GST-creditable benefit*?

- (1) A benefit provided in respect of the employment of an employee is a *GST-creditable benefit* if either of the following is or was entitled to an input tax credit under Division 111 of the *A New Tax System (Goods and Services Tax) Act 1999* because of the provision of the benefit:
 - (a) the person who provided the benefit;
 - (b) a person who is or was a member of the same GST group (as defined in that Act) as the person who provided the benefit.

- (2) A benefit provided in respect of the employment of an employee is also a *GST-creditable benefit* if:
 - (a) the benefit consists of:
 - (i) a thing (as defined in the *A New Tax System (Goods and Services Tax) Act 1999*); or
 - (ii) an interest in such a thing; or
 - (iii) a right over such a thing; or
 - (iv) a personal right to call for or be granted any interest in or right over such a thing; or
 - (v) a licence to use such a thing; or
 - (vi) any other contractual right exercisable over or in relation to such a thing; and
 - (b) the thing was acquired (within the meaning of that Act) or imported (within the meaning of that Act) and either of the following is or was entitled to an input tax credit under that Act because of the acquisition or importation:
 - (i) the person who provided the benefit;
 - (ii) a person who is or was a member of the same GST group (as defined in that Act) as the person who provided the benefit.

29 After subsection 140(1)

Insert:

- (1A) However, this Act operates in relation to a housing benefit provided in respect of the employment of an employee of an employer described in subsection (1B) or in respect of the employment of an employee described in subsection (1C) or (1D) as if:

- (a) a reference in this Act (except in paragraph (1)(a), this paragraph and subsection 140(4)) to an eligible urban area were a reference to an eligible urban area that is an urban centre with a census population of not less than 130,000; and
 - (b) subparagraph (1)(b)(i) were omitted.
- (1B) Subsection (1A) applies in relation to each of the following employers:
- (a) an employer that is a public hospital that is a public benevolent institution;
 - (b) an employer that is a public hospital other than a hospital:
 - (i) of the Commonwealth, a State or a Territory; and
 - (ii) established by a law of the Commonwealth, a State or a Territory;
 - (c) a hospital carried on by:
 - (i) a society that is a non-profit society for the purposes of section 65J; or
 - (ii) an association that is a non-profit association for the purposes of section 65J;
 - (d) an employer that is a charitable institution.
- (1C) Subsection (1A) also applies in relation to an employee:
- (a) whose employer is a government body; and
 - (b) whose duties of employment are exclusively performed in, or in connection with:
 - (i) a public hospital that is a public benevolent institution; or
 - (ii) a public hospital that is not a hospital of the Commonwealth, a State or a Territory and is not established by a law of the Commonwealth, a State or a Territory; or
 - (iii) a hospital carried on by a society that is a non-profit society for the purposes of section 65J or by an association that is a non-profit association for the purposes of section 65J.
- (1D) Subsection (1A) also applies in relation to an employee:
- (a) whose employer is a government body; and
 - (b) whose duties of employment are performed in a police service.

30 Application

The amendments made by this Schedule apply in respect of the FBT year beginning on 1 April 2000 and in respect of all later FBT years.

Schedule 2—A New Tax System (Goods and Services Tax) Act 1999

1 At the end of section 9-75

Add:

- (3) In working out under subsection (1) the value of a *taxable supply made in a *tax period, being a supply that is a *fringe benefit, the price is taken to be the sum of:
- (a) to the extent that, apart from this subsection, paragraph (a) of the definition of *price* in subsection (1) would be applicable:
 - (i) if the fringe benefit is a car fringe benefit—so much of the amount that would be worked out under that paragraph as represented the *recipient's payment made in that period; or
 - (ii) if the fringe benefit is a benefit other than a car fringe benefit—so much of the amount that would be worked out under that paragraph as represented the *recipients contribution made in that period; and
 - (b) to the extent that, apart from this subsection, paragraph (b) of the definition of *price* in subsection (1) would be applicable:
 - (i) if the fringe benefit is a car fringe benefit—so much of the amount that would be worked out under that paragraph as represented the recipient's payment made in that period; or
 - (ii) if the fringe benefit is a benefit other than a car fringe benefit—so much of the amount that would be worked out under that paragraph as represented the recipients contribution made in that period.

2 Section 195-1

Insert:

fringe benefit has the meaning given by section 995-1 of the *ITAA 1997 but includes a benefit within the meaning of subsection 136(1) of the *Fringe Benefits Tax Assessment Act 1986* that is an exempt benefit for the purposes of that Act.

3 Section 195-1

Insert:

recipients contribution has the meaning given by subsection 136(1) of the *Fringe Benefits Tax Assessment Act 1986* but includes any consideration paid in respect of the provision of a benefit that is an exempt benefit for the purposes of that Act.

4 Section 195-1

Insert:

recipient's payment has the meaning given by paragraph 9(2)(e) or 10(3)(c) of the *Fringe Benefits Tax Assessment Act 1986*.

Schedule 3—Medicare Levy Act 1986

1 Paragraph 8D(4)(b)

Omit “\$13,389”, substitute “the family surcharge threshold”.

2 Application

The amendment made by item 1 applies in respect of the 1999-2000 year of income and all later years of income.

*[Minister’s second reading speech made in—
House of Representatives on 9 March 2000
Senate on 3 April 2000]*

(29/00)
