

Fringe Benefits Tax Amendment Regulations 2001 (No. 2) 2001 No. 188

EXPLANATORY STATEMENT

STATUTORY RULES 2001 No. 188

Issued by the Authority of the Assistant Treasurer

Fringe Benefits Tax Assessment Act 1986

Fringe Benefits Tax Amendment Regulations 2001 (No. 2)

Section 135 of the *Fringe Benefits Tax Assessment Act 1986* (the Act) provides that the Governor-General may make regulations for giving effect to the Act.

The proposed Regulations amend the Fringe Benefits Tax Regulations 1992 (the Regulations) to exclude travel between home and work in an unmarked police vehicle from having to be reported on an employee's payment summary.

Employers are required to report fringe benefit amounts of more than \$1,000 on their employees' payment summaries. However, for equity and compliance cost reasons, subsection 5E(3) of the Act identifies certain fringe benefits that do not need to be reported. These benefits are referred to as 'excluded fringe benefits'. Paragraph 5E(3)(i) of the Act provides that certain fringe benefits may be excluded by way of regulation. The Regulations currently exclude a number of benefits from fringe benefits tax (FBT) reporting, such as car fringe benefits arising from travel between home and work in a marked emergency vehicle (Subregulation 3B(5A)).

In accordance with the Government's decision, the Regulations are amended to prescribe, as excluded fringe benefits, benefits which arise from a police officer's use of an unmarked police vehicle between home and a place where their duties of employment are performed. New Subregulation 3B(4A) describes- an unmarked police vehicle as a car that is used by the police service, and taken home by a police officer to enable the officer to respond to events of crime and public safety. The vehicle must be fitted with a police radio and concealed or portable warning lights and sirens.

As a result, these benefits will not be taken into account when determining an individual's liability for certain tax surcharges or other obligations, or eligibility for certain government payments and concessions.

The proposed Regulations apply to benefits provided from 1 April 2000. Therefore, benefits arising from an employee's travel in an unmarked police vehicle between home and place where duties of employment are performed will not be reported in payment summaries issued for the year of income ended 30 June 2001 and later years.

As the proposed Regulations remove the obligation to report these fringe benefits, they benefit police force employees and do not contravene subsection 48(2) of the *Acts Interpretation Act 1901*. Subsection 48(2) prohibits the retrospective operation of regulations which adversely affect the rights of, or impose liabilities upon, a person.