

EXPLANATORY STATEMENT

Select Legislative Instrument 2007 No. 43

Issued by authority of the Minister for Revenue and Assistant Treasurer

Fringe Benefits Tax Assessment Act 1986

Fringe Benefits Tax Amendment Regulations 2007 (No. 1)

Section 135 of the *Fringe Benefits Tax Assessment Act 1986* (the Act) provides, in part, that the Governor-General may make regulations, not inconsistent with the Act, prescribing all matters required or permitted by the Act to be prescribed, or necessary or convenient to be prescribed for carrying out or giving effect to the Act.

The purpose of the Regulations is to amend the *Fringe Benefits Tax Regulations 1992* (the Principal Regulations) to provide a fringe benefits reporting exclusion for the pooled or shared private use by employees of their employer's cars. A pooled or shared car is a car that is provided by an employer for the private use of two or more employees.

The fringe benefits reporting rules in the Act require an employer to report the grossed-up taxable value of an employee's fringe benefits where the value of fringe benefits exceeds \$2,000. However, paragraph 5E(3)(i) provides that a fringe benefit may be excluded from the fringe benefits reporting requirement by prescription in the regulations.

The reporting exclusion for pooled or shared cars would result in employees who have pooled or shared private use of their employer's cars not having the grossed-up taxable value of such fringe benefits reported on their payment summaries. This may increase their access to certain Government benefits and reduce their liability to income-related surcharges and obligations.

This amendment implements the Government's commitment announced in its final response to the *Report of the Taskforce on Reducing Regulatory Burdens on Business – Rethinking Regulation* for a fringe benefits tax reporting exclusion for pooled or shared cars. The announcement was made in the Treasurer's press release No. 88 of 2006.

Fringe benefits reporting exclusion for pooled or shared cars

Regulation 3F will ensure that an employee who uses a pooled or shared car provided by their employer will not have this benefit reported on their payment summary. A pooled or shared car is a vehicle that is provided by an employer for the private use of two or more employees. The fringe benefits reporting exclusion will operate where the provision of the vehicle by the employer results in a car benefit for more than one employee.

Public consultation was undertaken on the proposal, with targeted confidential consultation being conducted on the proposed regulation.

The Regulation 3F will have effect from 1 April 2007, the commencement of the 2007-08 fringe benefits tax year, and will continue to apply to later FBT years.