Target Group:

Statutory Financial Services (SFS) Team and FBT Administrators within Queensland Health Districts

Introduction

The provision of transport to employees or their family members wholly or principally to enable the family to have a holiday for a period of not less than 3 days creates a fringe benefit. Holiday travel costs are inclusive of accommodation and meals which are incidental to travel. Where holiday travel is provided to staff living in remote areas, concessional FBT treatment is applied.

Purpose of Procedure

The purpose of this procedure is to explain the tax treatment and checks required for remote area holiday travel.

Tax Treatment

Where the remote area travel is booked and paid for directly by Queensland Health the benefit attributable to the employee and/or their family will be classed as a *Residual Fringe Benefit*. Alternatively, if the employee books and pays for the travel and then seeks reimbursement from the department, the benefit will be classed as an *Expense Payment Fringe Benefit*.

The aggregate taxable value of remote area holiday travel fringe benefits that relate to a particular holiday by the employee and/or family members is reduced by 50% subject to a limit. The reduction cannot exceed 50% of the usual cost of return travel (this is normally the cost of return economy air travel) between the work locality and the capital city of the State in which the work place is located. The cost is determined at the commencement of the employee's holiday.

A tax concession to remote area holiday travel is only available where:
1. Travel is for a period where the employee is on annual recreation leave;
2. The duration of the leave must not be less than 3 working days;
3. The employee must on completion of the holiday resume duties of their employment in the remote area (same location); and
4. The destination is a capital/major city.

A Reportable Fringe Benefit (RFBA) exemption also applies to remote area holiday travel if the employee has taken less than 4 trips in the year. The value of the exemption is the value of the
benefit. If 4 or more trips have been taken then there is no RFBA exemption for any trip. A single trip may include travel for both the employee and their family members on separate dates.

Payments being made currently under the Remote Area Nursing Incentive Payment (RANIP) scheme are for study purposes. Due to the nature of these payments the ‘otherwise deductible’ rule can be applied. The ‘otherwise deductible’ rule allows Queensland Health to claim a reduction in the taxable value equal to the amount of the benefit, as the employee would otherwise be allowed to claim these expenses as a deduction on their personal income tax. This reduction can only be claimed when the employee provides a declaration stating that the benefit would have been otherwise deductible.

Check Values

Check the following columns on the Expense Workpaper for all remote area holiday travel.
- Standard Category = Remote Holidays
- Business Percent = 50%

If the RFBA exemption applies then check the following columns:
- RFBA Exempt Component = Value of Benefit
- RFBA = 0
Remote Area Holiday Travel

Travel

- More than 3 days Recreation Leave
  - YES
    - Capital / Major City
      - YES
        - 50% Discount on the taxable value for FBT
      - NO
    - NO
      - 3 trips or less
        - YES
          - Nil RFBA
        - NO
          - Full taxable value (grossed up) on RFBA

Discount on taxable value is capped at a maximum of 50% of the cost of travel to the capital city.