FBT Fact Sheet – Reportable Fringe Benefits Amount (RFBA) – for Employees

Target Group
- Queensland Health employees who may have reportable fringe benefits recorded on their payment summary.
- HR practitioners, recruiting areas, accounts payable, fleet managers, and FBT administrators within Queensland Health Districts/Business Areas/SSP.

Introduction
It is a requirement for employers providing certain fringe benefits to their employees to report the value of these benefits on the employee’s Payment Summary and this amount is referred to as the ‘Reportable Fringe Benefit Amount’ (RFBA).

Reporting Requirement
Tax legislation requires a RFBA to be shown on employee payment summaries where the value exceeds $3,738.

Queensland Government is a single employer for Fringe Benefits Tax (FBT) purposes so all benefits received from Queensland Government employment must be consolidated. For this reason Queensland Health reports the grossed up value of all reportable benefits on employee payment summaries even if the value is below $3,738.

The employee is then required to consolidate the RFBA reported on all Queensland Government payment summaries to see if $3,738 has been exceeded. If after consolidation, $3,738 has not been exceeded the employee may exclude the amount from their personal tax return.

Impact of RFBA
Even though a reportable fringe benefits amount is included on an employee’s payment summary and is shown on their personal tax return, it is not included in their assessable income. However, it is included in a number of income tests for:

- Medicare levy surcharge
- Medicare levy surcharge lump sum payment in arrears tax offset
- deductions for personal super contributions
- super co-contribution
- tax offset for contributions to their spouse's super
- mature age worker tax offset
- Higher Education Loan Programme (HELP) and Financial Supplement repayments
- dependent tax offsets
- housekeeper tax offset
- senior Australia tax offset
- pensioner tax offset
- child support obligations
- entitlement to certain income-tested government benefits.

Should an employee want to determine the extent to which their RFBA will impact on their personal situation they should seek independent professional advice from their accountant, financial planner or tax agent. Further information is also available on the ATO site at Reportable fringe benefits - facts for employees.
Calculating RFBA

Tax legislation requires Queensland Health to calculate RFBAs using the following formula:

\[
\text{TAXABLE VALUE} \times 1.8692 = \text{Total Grossed up Value}
\]

The RFBA of a benefit is comparable to the gross salary that they would have had to earn in order to purchase the benefit from their after tax income. This amount is reported to ensure the value of the benefits is consistent with other forms of income on an employee’s payment summary.

The above formula is based on the FBT rate which is equal to the highest marginal rate of income tax, plus Medicare levy. For the FBT year ended 31 March 2010, this is 46.5%. For example, a fringe benefit with a taxable value of $2,000.00 has a reportable fringe benefit amount of $3,738.

Exclusions

Some fringe benefits do not have to be reported on employee’s payment summaries, although Queensland Health may still have to pay FBT on these benefits. The following benefits are excluded from an employee’s RFBA:

- Car fringe benefits arising from private use of pooled or shared cars
- Car parking fringe benefits
- Costs of occasional travel to a major Australian population centre by the employee and their family if they live in a remote area
- Remote area residential fuel (electricity & gas)
- Remote area rent assistance
- Remote area housing assistance
- Entertainment in the form of food and drink, and benefits associated with that entertainment, such as travel and accommodation
- Hiring or leasing entertainment facilities such as corporate boxes