Target Group:

FBT Administrators within Queensland Health Districts

Introduction

A short term car hire is defined as any car leased for a period up to and including 90 days. Any long term car hire (more than 90 days) is treated as a car fringe benefit.

The short term hire of a car will generally give rise to a residual fringe benefit where the car is used for private purposes.

Where the employee or their associate provides a business use declaration for the usage of the hired car, supported by a properly maintained logbook, the taxable value of the car benefit is reduced proportionally so as to reflect the private use component.

Purpose of Procedure

The purpose of this procedure is to explain the two different types of short term car hires namely, Internal Car Hire and External Car Hire.

Internal Car Hire

Where QFleet hires a QFleet car out to a District, the fringe benefit will be a car benefit and not a residual benefit. This is because for FBT purposes the Whole of Government is regarded as the employer and a car provided by the employer results in a car benefit.

The taxable value of the car benefit cannot be reduced by a business use declaration or logbook.

External Car Hire

A car may be provided by an external car hire firm such as Avis, or by QFleet who organised a car hire for the District from an external hire firm (eg: Avis).
Taxable Value

Internal Car Hire

Where QFleet has provided the hire car they will also provide the taxable value of the benefit for that hire period. This taxable value of the benefit is calculated by QFleet using the Statutory Formula Method.

Under the Statutory Formula Method, a benefit will arise each day the car was actually used or is available for private use.

This means that where a vehicle is garaged at or near an employees place of residence (permanent – eg: house, unit etc. or temporary – eg: motel, hotel etc.) a benefit will be deemed to have been provided on each day either side of the night the car was garaged.

A business percentage calculated from a logbook cannot be used to reduce the taxable value of a benefit arising through the use of an internally hired car.

The taxable value (as provided by QFleet) can only be reduced where it can be proven by adequately maintained records that the internal car hire vehicle:

- Has not been garaged at or near an employee’s place of residence.
- Was not subjected to any private use at any time during the day.
- Was parked on the employer’s premises and the keys were handed over to an authorised agent of the employer.

External Car Hire

Where cars are hired through an external agency, such as Avis, the value of the benefit is equal to:

- The amount paid for the hire and;
- Other expenses related to the running costs of the car (e.g. fuel).

The value may be reduced by the percentage of any business use as long as the employee to whom the benefit was given has provided a business use declaration that is supported by a properly maintained logbook. Without a substantiated declaration, no reduction based on the percentage of business use can be claimed. The benefit may also be reduced by the amount of any contribution made by the employee.
The taxable value can be calculated by the formula.

\[
\text{Taxable Value} = A - (A \times B) - C
\]

A. Actual value of benefit
B. Business percentage = Business Kilometres/Total Kilometres x 100
C. Employee contribution

**FBTSimplifier**

**Internal Car Hire**

The internal short term car hire is to be added to the ‘Car Miscellaneous Workpaper’. The following columns should be completed:

- Benefit Type - (select from the drop-down box “Car Statutory”)
- Recipient
- Date
- Description - (the description should include the car registration number and the dates (to and from) for the car hire)
- Standard Category - (the Standard Category to use is ‘QFleet S/Term Hire’)
- Gross Taxable Value - (Type 1)
- Employee Contribution “ONLY if applicable”

**External Car Hire**

The external short term car is to be added to the ‘Residual Benefit Workpaper’. The following columns should be completed:

- Recipient
- Date
- Description - (the description should include the car registration number and the dates (to and from) for the car hire)
- Standard Category - (the Standard Category to use is ‘External Vehicle Hire’)
- Value of Benefit - (Incl GST)
FBT BUSINESS PROCEDURE
Short Term Car Hire - District

- GST Credible
- Business percentage “ONLY if applicable”
- Recipients Contribution “ONLY if applicable”