Payments/reimbursements made in relation to Relocation/Transfer & Appointment Expenses Fringe Benefits Tax

1 Purpose
This work instruction describes the processes for providing advice on the procedures for processing the Relocation/Transfer and Appointment expenses that have been specifically identified as fringe benefits and that are concessionally treated whereby the taxable value is significantly reduced or reduced to NIL. This will ensure that Queensland Health is meeting its taxation obligations.

2 Scope
This procedure relates to FBT Administrators within Queensland Health Districts.

3 Procedure for processing relocation/transfer and appointment expenses

SPECIAL NOTES
- Those fringe benefits for relocation/transfer & appointment expenses that are specifically exempted will not be discussed in this business procedure as no action is required under the FBT law to account for those benefits i.e., they are simply exempt provided they meet the conditions for such exemption. These benefits are detailed in the paper mentioned below.

- Payments made on a cents-per-kilometre basis to employees for using their car for relocation/transfer or an appointment are subject to FBT not PAYG. Whilst sometimes referred to as a "kilometric allowance" payment, where such payment is specifically in respect to relocation expenses, then it is dealt with under the FBT regime and will be covered in more detail below. These payments are to be processed by Accounts Payable and should not be confused with other "kilometric allowance" payments, which are dealt with under the PAYG regime.

- A separate PAYG Business Procedure has been produced to cover those payments for Relocation/Transfer & Appointment expenses that are allowances. However, both Business Procedures need to be considered in conjunction as the claim form lodged by the employee may contain both fringe benefits and allowances. The fringe benefit expenses will be processed by Accounts Payable and the allowances processed by HR/Payroll Services.

Introduction
Queensland Health may make a range of payments to officers for Relocation/Transfer and Appointment Expenses.
A paper entitled “Taxation Implications for Relocation/Transfer and Appointment Expenses” is attached to this Business Procedure. The paper details the Directives and HR Policy (previously known as IRMS) under which these types of expenses may be paid to employees, identifies all the types of payments available and states the taxation result of each of those payments.

Payments to employees for Relocation/Transfer and Appointment Expenses have been identified as either being Allowances or Fringe Benefits and therefore will be subject to either Pay-As-You-Go (PAYG) Tax or Fringe Benefits Tax (FBT).

A considerable number of these payments are subject to Fringe Benefits Tax (FBT) however, are either exempted by virtue of a particular Section of the FBT Act or are concessionally treated and, in some cases, the concessions reduce the tax consequences to Nil.

Identified fringe benefits that may be paid in relation to Relocation/Transfer and Appointment Expenses that are concessionally treated.

(a) Payments made on a cents-per-kilometre basis to employees for using their car to relocate are subject to FBT, but the taxable value is reduced to NIL conditional on the employee giving their employer a completed declaration in the appropriate format.

(b) Reimbursements made for meals whilst in temporary accommodation. These payments are subject to FBT however are concessionally treated to the extent that the taxable value is the cost of each meal reduced to a maximum of $2.00 per meal per adult and $1.00 per meal per child (under 12). However, this concession is conditional on certain requirements being satisfied (refer attached paper). If conditions not met, amount of reimbursement is the taxable value. The “grossed up taxable value” must be reported on employee Payment Summary (Group Certificate) as a Reportable Fringe Benefit Amount (RFBA). (Warning for those Salary Sacrificing and eligible for the $17,000 FBT exemption cap).

(c) Reimbursements for temporary accommodation costs. These payments are subject to FBT however, are concessionally treated to the extent that the taxable value is reduced to Nil. However, this concession is conditional on certain requirements being satisfied (refer attached paper). If conditions not met, amount of reimbursement is the taxable value, which would then need to be reported on the employee’s Payment Summary as discussed in the second paragraph of (b) above.

Processing payments subject to FBT that are concessionally treated

Accounts Payable
Where claims are received that include a request for a cents-per-kilometre payment for relocation as set out in (a) above:-

1. While this payment is subject to FBT, the tax consequences are reduced to NIL conditional on the employee providing the employer with a completed declaration. On this basis such claims must be processed only where the declaration has been provided.

2. Once received, process claim and file completed declaration with the claim.

Where claims are received that include a request for payment of meals in temporary accommodation as set out in (b) above:-

1. Process claim and send advice with the payment to employee that this expense reimbursement is subject to FBT. Also advise that the “grossed up” taxable value will be reported on their Payment Summary (Group Certificate) as a Reportable Fringe Benefit Amount (RFBA). Employees need to consider this particularly if they are Salary Sacrificing (ie, those eligible for the FBT exemption cap).

Special Note: When determining the taxable value, make sure conditions (refer attached paper) of FBT law have been met to take up the concessional treatment.
2. The taxable value of this expense MUST be recorded in some form of register (eg spreadsheet) for inclusion at the end of the FBT year in FBTSimplifier under the standard category Relocation.

Where claims are received that include a request for payment of temporary accommodation as set out in (c) above:-

1. Process the claim noting the conditions (refer attached paper) for concessional treatment for FBT purposes whereby the taxable value of the fringe benefit is reduced to Nil. No advice to employee necessary unless the conditions for concessional treatment are not met. If this occurs then the amount of the reimbursement is the taxable value which MUST be recorded on some form of register (eg spreadsheet) for inclusion at the end of the FBT year in FBTSimplifier under the standard category Relocation.

Special Note:  Should temporary accommodation exceed (4) months, contact the Corporate Office FBT Team for further advice on declarations etc.

Any queries in relation to this Business Procedure should be referred to the Corporate Office FBT Team on (07) 3225 2277 (queries may also be forwarded by e-mail).

4  Supporting Documents

- Directive No. 11/09
- Directive No. 08/09
- HR Policy D4
- Paper entitled “Taxation Implications for Relocation/Transfer and Appointment Expenses”

5  Consultation

Key stakeholders (position and business area) who reviewed this version are:

Director, Taxation Unit
Manager, FBT Team

6  Work Instruction Revision and Approval History

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