

ATO warns businesses to check FBT claims as deadline nears

TAX

Electric vehicles become exempt from the levy for the first time and Mazars expects an influx of salary packaging requests.

By [Josh Needs](#) • 22 March 2023 • 5 minute read

The ATO has advised businesses and their tax practitioners that as the FBT year draws to a close they should already be working on what items they can claim in their lodgement.

The tax office said for businesses not lodging through a tax practitioner the lodgement date would be 22 May, while for those lodging electronically via a tax practitioner the due date would be 26 June.

The ATO also warned businesses that if it was the first time they would be lodging with a tax practitioner to contact them before 21 May as they would need to add them to their FBT client list by then to ensure they were eligible for the later June lodgement and payment date.

The biggest change to FBT within the 2023 FBT year - which spans from 1 April 2022 to 31 March 2023 - was the introduction of the electric car exemption.

The Treasury Laws Amendment (Electric Car Discount) Act 2022 received royal assent on 12 December 2022 which meant EVs provided to employees for private use are now exempt from FBT.

Mazars said it expected many employers to receive an influx in requests for EVs to be a part of their salary packaging and cautioned businesses to understand the added impact it could have.

“Given the potential savings available and the popularity of EVs, we expect many employers will receive requests for EV salary packaging arrangements and business owners may also consider their own arrangements,” said Mazars.

“While purchasing a car predominantly for private use through a trading entity may not have been an attractive option in the past, this tax-saving opportunity will cause some to reassess.”

Even though the legislation had gone through, EVs must still meet a strict criteria to be eligible for the ATO’s FBT exemption.

The criteria included that the EV must have been first held and used after 1 July 2022 and satisfy zero or low emissions vehicle conditions by being a battery electric vehicle, a hydrogen fuel cell electric vehicle, or a plug-in hybrid electric vehicle.

The selected vehicle must also be used by a current employee or their associates and it cannot be used by past or future employees.

The EV must also never have had luxury car tax paid on the supply or importation of it. For the 2022-23 financial year, the luxury car tax threshold for fuel-efficient vehicles was \$84,916 meaning any new EVs purchased must be cheaper than this amount.

If the EV was a secondhand vehicle then the onus was on the employer to research prior sales to determine whether the luxury car tax was ever applicable to it.

The ATO also clarified that home charging stations would not be an exempt expense, with employers who were planning to provide an employee with one at their home the fringe benefit must be handled separately, even if packaged in the leasing arrangement.

However, charging stations provided on the business premise would be FBT exempt along with the electricity provided to charge the vehicle there.

The ATO also reminded those that previously registered for FBT but do not need to lodge this year, they must send the tax office a notice of non-lodgment by the time the return would normally be due to prevent it from seeking a return at a later date.