

Talk Tax

FRINGE BENEFIT TAX (FBT)

FS: Please explain about Fringe Benefit Tax and policy intension?

CEO: FBT was introduced on 1 January 2012. The policy intention was to have assist Fijians financially. The introduction of FBT followed on from the reduction in the tax rate for employees from 31% to 20%.

FS: Where is FBT applicable?

CEO: FBT is applicable where the employer provides benefits in kind or non-cash benefits to an employee. FBT is applicable on any value of benefit provided, irrespective of the employee's salary.

FS: How do we identify Fringe Benefit?

CEO: A benefit is normally provided by the employer to an employee as a form of acknowledgement, appreciation, enticement, retention etc. FBT is imposed on an employer when benefits are provided to such persons.

FS: Who pays for the FBT, the employer or the employee?

CEO: The FBT is paid by the employer and not the employee. The tax burden that used to be paid by the employee is now being paid by the employer. In cases where employees have to pay Value of a fringe benefit is reduced by any payment made by the employee.

FS: What is the FBT rate and how do you determine the value of the benefit?

CEO: The FBT rate is 20% and the tax payable is computed by applying the rate to the employer's fringe benefit taxable amount for a quarter. Value of a benefit should be the fair market value of an asset, item of property, service, or benefit provided at a particular time is the value that the asset, property, service or benefit would ordinarily fetch in the open market at that time.

FS: So if the employer decides to pay cash instead of providing non-cash benefit?

CEO: Where an employer provides cash benefits, the employees will be liable to pay PAYE if the total cash benefit and salary exceeds \$16,000.

FS: Are NGOs exempt from FBT?

CEO: No. Whilst these organizations may be exempt from Income Tax, it is not exempt from FBT for its employees unless specifically exempted under the FBT Decree.

FS: Is there any organization exempted from paying FBT?

CEO: Since it is not possible to impose FBT on employers such as diplomatic and consular missions and certain public international organizations that are exempt from tax under a convention or other international agreement, Fiji nationals employed in such organizations will be required to pay PAYE on those benefits.

FS: Are the meals and hotel accommodation provided for employees attending meetings or workshop subject to FBT?

CEO: No, FBT does not apply where the such services is provided in relation to work.

What types of benefits are exempted from FBT?

CEO: A meal or refreshment provided in a canteen, cafeteria, or dining room; the provision of accommodation or housing in a remote area or fifteen or more kilometers from a town or city center; the provision of meals, refreshment or accommodation to a fisher by the employer on any Vessel; and the provision of a fringe benefit to an employee of a religious body registered under the Religious Bodies Registration Act (Cap 68).

FS: Is the FBT a deductible expense for employers?

CEO: No, it is a self- assessment return and the tax payable is not a deductible expense for the employer.