Travel Fringe Benefits Tax (FBT)
Background

New Policy prompted by feedback from the general University community, particularly from senior academic staff, in regards to the restrictive nature of the superceded policy.

FBT Act does not define or provide guidance as to what is considered incidental private days

University policy based on decisions from past case law and interpretative decisions from the ATO and Go8 benchmarking
FBT Travel Policy

The principal features of the proposed policy are:

- Implementation of more prescriptive assessment method
- Mandatory employee contributions for taxable benefits
- Reduction in paperwork
- Accurate estimates of liability through Trobexis
Implementation

Staged approach to implementation:

- Stage One
  Implement the “Assessment” and “Calculation Methods” retrospective as at 1 April 2013

- Stage Two
  Implement the “Employee Contribution” and new “Travel Diary” requirements from 1 April 2014

No reassessments will be performed for travel prior to 1 April 2013
Assessment Process

Steps of travel assessment:

Assessment → Calculation → Employee Contribution → Documentation
Step One: Assessment

Two tests:

- “Private Days” Test
- “Associate Travel” Test

Refer Policy Appendix C

Remember – FBT does not apply to students
Step One: Assessment

“Private Days” Test

- *Private Days equal or exceed Business Days = Fringe Benefit*

- Understanding and applying Policy Definitions critical to ensuring correct assessment

- Trobexis will calculate taxable value of benefit based on information entered into the Requisition

- Externally funded travel booked via Trobexis will be assessed
Step One: Assessment

“Private Days” Test

*Private Days* are any day not considered a business day, and includes but is not limited to:

- University shut down period (unless this time is spent working);
- Days of booked recreation leave, time off in lieu and flexi days
- Weekends or public holidays falling within private activities
- Transit days when travelling to or from locations for private purposes
- Sabbatical days not spent undertaking official study/work
- Days prior to, or subsequent to, business activities where it was reasonably practicable for an employee to return home (excluding reasonable transit and recovery days)
Step One: Assessment

“Private Days” Test

**Business day** means any day spent undertaking formal business activities exceeding three hours and includes but is not limited to:

- Unavoidable delays between business activities
- Transit days when travelling to or from a business destination
- Up to two recovery days for long-haul international travel (no recovery days considered necessary for domestic or short-haul international travel within Oceania and Asia)
- Weekends and public holidays falling within business activities (excluding weekend days falling between a travel and a business day – refer recovery day definition)
- Working from office or hotel where this work can be confirmed by the Head of School
- Official study/work days whilst on sabbatical/study leave
Step One: Assessment

“Private Days” Test

Examples (refer Policy Appendix A)
Step One: Assessment

“Associate Traveller” Test

University funded travel by an Associate of an Employee = Fringe Benefit

An Associate includes direct family or close friends of an employee

For the avoidance of doubt, it is University policy NOT to fund travel of an Employee’s Associate. This point is included to cover the rare exceptions to the rule.
Step Two: Calculation

“Private Days” Test

- Where the Private Days test has determined that the private component of a trip is more than incidental, taxable value will be calculated as 50% of the total airfare.

- Employees must pay for any additional private travel legs directly to travel provider.

“Associate Travel” Test

- Where the Associate Travel Test has determined that an Associate of an Employee was travelling with an Employee for private purposes, the taxable value will equal 100% of the Associate’s total airfare.
Step Three: Employee Contributions

- Financial Services (Tax) will run monthly report showing all dual purpose travel requiring an employee contribution
- Invoices will be raised by Financial Services (Revenue)
- Travellers will have option to pay via normal University billing payment methods or via payroll deduction
- Normal University billing payment terms apply
Step Three: Employee Contributions

**Employee contribution** means a repayment by an Employee to the University for private travel costs paid in advance by the University. Repayments must be made from the after tax income of the Employee.

- The University will not pay FBT on Employee travel.

- Employee Contributions via reimbursement to the University are required to reduce the taxable value of Dual Purpose Travel to nil.

- Employee Contributions are not towards the FBT liability – they are to ensure no FBT liability is triggered.

- Example at [Appendix B](#) – pre-2014 and post-2014 different due to change in FBT rates
Step Three: Employee Contributions

TEST ONE: PRIVATE DAYS
Do the private days equal or exceed 50% of the total travel days?

If Yes,

50% CHARGE
Employee contribution will equal 50% of the total airfare

TEST TWO: ASSOCIATE TRAVEL
Was travel provided to the employee’s associate? (eg. spouse, child)

If Yes,

100% CHARGE
Employee contribution will equal 100% of the total airfare
Step Four: Travel Diaries

A Travel Diary is to be completed by a traveller (refer Appendix D) where the following two conditions are met:

- For domestic and international travel where the employee is away from their home for more than five consecutive nights; and

- Where travel includes one or more Private Days

Travel Diaries are not required where travel comprises 100% Business Days
Step Four: Travel Diaries

Travel diary requirements for travel **exceeding five nights**

<table>
<thead>
<tr>
<th>Details of Travel</th>
<th>Travel Diary Required</th>
<th>Fringe Benefit</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 Private Days**</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Private Days** &lt; Business Days**</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Private Days** =&gt; Business Days**</td>
<td>Yes</td>
<td>Yes*</td>
</tr>
</tbody>
</table>

* Employee contribution required
** Refer Definitions section of Policy for definitions of Private and Business days
Step Four: Travel Diaries

Travel diary must include an entry for each activity undertaken whilst travelling, setting out no less than the following particulars:

- The place where the activity was undertaken
- The date when the activity commenced
- The duration of the activity
- The nature of the activity

Sabbaticals and study leave – lower level of detail required. Entries are required to be made on a regular basis throughout the trip, and entries be made on at least a weekly basis. All private days must be specifically stated in the Travel Diary.
Step Four: Travel Diaries

Travel Diaries must be completed no later than 30 days from the date the traveller returns from travel

Reminders

- Automatic reminders will be sent to traveller at 7, 14 and 30 days post-travel
- 30 day reminder will be copied to Travel Approver

Penalties

- Failure to submit travel diary by 44 days will result in automatic charging of FBT to traveller’s Business Unit.
Trobesxis Enhancements

- Trobesxis has been updated with new pop up screens, wording and calculation tools to reflect new FBT Travel Policy
- Automatic email reminders now sent regarding Travel Diaries
<table>
<thead>
<tr>
<th>Nature of Travel</th>
<th>Trip Reason</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Business Related Travel</td>
<td>Other Business</td>
</tr>
<tr>
<td>Business Related / Private Travel</td>
<td></td>
</tr>
</tbody>
</table>

**Purpose of Travel / Additional Details**

To provide information to UWA employees on the new FBT Travel Policy

Click here if you require a Leave Form
University Tax Policy
University FBT Overview
Travel Diaries not required where travel is 100% Business
Business Related / Private Travel Information

**Business day** means any day spent undertaking formal business activities exceeding three hours and includes but is not limited to:
- Unavoidable delays between business activities
- Transit days when travelling to or from a business destination
- Up to two recovery days for long-haul (note 1) international travel (no recovery days considered necessary for domestic travel or short-haul international travel within Oceania (note 2) and Asia)
- Weekends and public holidays falling within business activities (excluding weekend days falling between a travel and a business day – refer recovery day definition above)
- Working from office or hotel where this work can be confirmed in writing by the Head of School
- Official study/work days whilst on sabbatical/study leave

Note 1 - Definition of long-haul travel is an international flight exceeding 6 hours duration
Note 2 - Oceania

**Private day** means any day not considered a business day, and includes but is not limited to:
- University shut down period
- Days of booked recreation leave
- Weekends or public holidays falling within private activities
- Private travel days including time off in lieu and flexi days
- Transit days when travelling to or from locations for private purposes
- Sabbatical days not spent undertaking official study/work
- Days prior to, or subsequent to, business activities where it was reasonably practicable for an employee to return home (excluding reasonable transit and recovery days)
Traveller’s Name: WALLER, ERIN

Requisition Number: 90006087

Trip Reason: Other Business

Nature of Travel:
- All Business Related Travel
- Business Related / Private Travel

Total Travel Days: 30
Total Private Days: 15
Total Business Days: 30

Purpose of Travel / Additional Details:
To provide information to UWA employees on the new FBT Travel Policy

Click here if you require a Leave Form
University Tax Policy
University FBT Overview
Travel Diaries not required where travel is 100% Business
Based on your declaration of private and business days, this booking will be a FRINGE BENEFIT. A travel diary is required upon your return to enable a final FBT assessment to be undertaken.

- If you reduce your Private Days to below 50% of Total Travel Days, there will not be a contribution required
- Private travel days will need to be booked through the HR Employee Self Service system as annual recreation leave (or other as advised by HR) but also include time taken in lieu or through accumulated flex time. Entering private days in Trobexis does not automatically update the HR Employee Self Service system

The University Travel FBT Policy requires employees privately contribute towards 50% of the flight cost of a fringe benefit. You will receive an invoice from the University on your return from travel. Payment is to be made according to the standard University Accounts Receivable terms of 14 days.

Please note: Any deviations from your declared travel itinerary may change the above assessment.

Contact your supervisor or School Manager or equivalent if you are unsure of the above.

"Declaration of Private Days is a formal declaration for Tax purposes. It is a breach of the law to knowingly misstate the amount of private days."
WALLER, ERIN

Nature of Travel...
- All Business Related Travel
- Business Related / Private Travel

Trip Reason: Other Business

Purpose of Travel / Additional Details:
To provide information to UWA employees on the new FBT Travel Policy

Click here if you require a Leave Form
University Tax Policy
University FBT Overview
Travel Diaries not required where travel is 100% Business
Business Related / Private Travel Information

Based on your declaration of private and business days this travel booking will not be considered a fringe benefit and no employee contribution is required.

Private travel days will need to be booked through the HR Employee Self Service system as annual recreation leave (or other as advised by HR) but also include time taken in lieu or through accumulated flex time. Entering private days in Trobexis does not automatically update the HR Employee Self Service system.

Please note: Any deviations from your declared travel itinerary may result in a fringe benefit. The University Travel FBT Policy requires employees to make a personal contribution for all fringe benefits.

Contact your supervisor or School Manager or equivalent if you are unsure of the above.

"Declaration of Private Days is a formal declaration for Tax purposes. It is a breach of the law to knowingly misstate the amount of private days."
I have read and will comply with the University Travel Policy

I have read and will comply with the University Corporate Travel Insurance Policy

I have read and will comply with the University Finance Manual Travel Policy

Where travel is booked and paid for by an external organisation, I confirm that I have emailed a copy of my itinerary to travel@uwa.edu.au to be uploaded into ISOS, in accordance with UWA Travel policy

I agree that I have read and understood the Travel FBT Policy and I understand that the University will not contribute to the private portion (if any) of my travel. In the event that my travel booking is deemed to be a fringe benefit, I agree that I will make a personal contribution equal to 50% of the airfare in accordance with clause 4.2 of the Travel FBT Policy. I understand that the final assessment of FBT will be completed on my return from travel, and is based on my Travel Diary.

I agree to meet my obligation of the cost of any private travel associated with a University trip, including any additional accommodation, meals or other airline costs that are outside of those associated with the business trip in its entirety.
FBT Travel Declaration

This form is to eliminate the University’s potential liability to Fringe Benefits Tax by establishing that the travel and associated expenses were for University business.

<table>
<thead>
<tr>
<th>Journey Title</th>
<th>TEST TRAVEL - NEW FBT POLICY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Traveller Name</td>
<td>WALLER, ERIN</td>
</tr>
<tr>
<td>Requisition Number</td>
<td>90006087</td>
</tr>
<tr>
<td>Business Unit (Faculty)</td>
<td>Chief Operating Office</td>
</tr>
<tr>
<td>Branch (Org Unit)</td>
<td>Financial Services</td>
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<tr>
<td>Approval Status</td>
<td>New</td>
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<tr>
<td>Departure Date</td>
<td>1/04/2014</td>
</tr>
<tr>
<td>Date Requested</td>
<td>09/04/2014</td>
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<tr>
<td>Travel Arranger</td>
<td>WALLER, ERIN</td>
</tr>
<tr>
<td>Email</td>
<td><a href="mailto:erin.waller@uwa.edu.au">erin.waller@uwa.edu.au</a></td>
</tr>
<tr>
<td>Phone</td>
<td>086/488-7293</td>
</tr>
<tr>
<td>Facsimile</td>
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</tr>
<tr>
<td>Mobile</td>
<td></td>
</tr>
<tr>
<td>Return Date</td>
<td>30/04/2014</td>
</tr>
</tbody>
</table>

Purpose of Travel / Additional Details

To provide information to UWA employees on the new FBT Travel Policy

Trip Reason       | Other Business

Nature of Activity | Start Date | End Date | Location

Organisation Name | Contact Name | Contact Phone | Contact Email

Additional Information

Click here to add additional information.

Please note that accurate recording and description of your travel activities will allow us to determine whether there are any FBT implications on your travel. Where no travel diary is provided, the ATO has indicated that travel will not be considered in the course of producing assessable income, and FBT will be payable on the total cost of

Add Diary Note  Close Diary
Queries

Trobesis Queries
- Financial Services – Client Services
- Contact via UWA ServiceDesk

FBT Queries
- Financial Services – Tax
- Contact via UWA ServiceDesk
FBT Re-Assessments

- Travel which concluded between 1 April 2013 and 31 March 2014 will be reassessed under the new policy
- Any overpaid employee contributions will be reimbursed
- If you believe you have a trip which requires reassessment, please contact FS-Tax on tax-finserv@uwa.edu.au
- Reassessments will not be undertaken for travel concluding prior to 1 April 2013
End of Presentation

Thank you for your time and patience during the implementation of this new policy