



FBT CHANGES

FBT exemption for retraining and reskilling employees

From 2 October 2020, the Government will introduce an FBT exemption for retraining and reskilling benefits provided by an employer to redundant, or soon to be redundant, employees, where the benefits may not be related to their current employment (e.g., where an employer retrain a sales assistant in web design in order to redeploy them to an online marketing role in the business).

This measure is designed to encourage employers to assist redundant workers to transition to new employment opportunities within or outside an employer's business (e.g., to prepare such employees for their next career), without triggering an FBT liability.

Currently, FBT is payable if an employer provides training to redundant, or soon to be redundant, employees and that training does not have a sufficient connection to their current employment.

The FBT exemption will **not** extend to retraining acquired by way of a salary packaging arrangement. It will also **not** be available for Commonwealth supported places at universities (which already receive a benefit) or extend to repayments towards Commonwealth student loans.

The Government will also consult on allowing an individual to claim a tax deduction for education and training expenses they incur themselves, where the expense is not related to their current employment (e.g., where the expense relates to future employment).

Reducing the compliance burden of FBT record keeping

The Government will provide the ATO with the power to allow employers to rely on existing corporate records, rather than employee declarations and other prescribed records, to finalise their FBT returns. The measure will have effect from the start of the first FBT year (i.e., on 1 April) after the date of Royal Assent of the relevant legislation.

Currently, the FBT legislation prescribes the form that certain records must take, and forces employers (and in some cases employees) to create additional records in order to comply with FBT obligations.

This measure will allow employers (with what the Commissioner determines as adequate alternative records) to rely on existing corporate records, removing the need to complete additional records. This will reduce compliance costs for employers, while maintaining the integrity of the FBT system.