

Fringe benefits estimated basis for election

NOTE Under the *Fringe Benefits Assessment Act 1986* ('the Act') of the Commonwealth, the taxable value of fringe benefits is 'grossed-up' by either the Type 1 (GST-creditable) or Type 2 (non GST-creditable) rate. For payroll tax purposes, the value of all fringe benefits* is the taxable value under the Act grossed-up using a rate equivalent to the Type 2 gross-up rate.

Employers of employees who are not eligible for the Fringe Benefits Tax (FBT) exemption for small businesses must include the taxable value of fringe benefits provided to their employees in their returns. The taxable value of fringe benefits is grossed-up by either the Type 1 (GST-creditable) or Type 2 (non GST-creditable) rate. For payroll tax purposes, the value of all fringe benefits is the taxable value under the Act grossed-up using a rate equivalent to the Type 2 gross-up rate.*

An employer may elect to include in their returns, the actual taxable value of fringe benefits provided in each return period or an estimated amount as determined below.

- a) If the employer has paid Fringe Benefits Tax (FBT) on fringe benefits provided to Northern Territory (NT) employees for a period of not less than 15 months prior to the commencement of a financial year, the amount to be included in returns is:
- For the months from July to May, one-twelfth of the taxable value of NT fringe benefits declared in the *Fringe Benefits Assessment Act 1986* ending 31 March prior to the commencement of the year grossed-up by a rate equivalent to the FBT Type 2 rate.
 - For June, the difference between the taxable value of NT fringe benefits declared in the *Fringe Benefits Assessment Act 1986* ending 31 March prior to the end the year grossed-up by a rate equivalent to the FBT Type 2 rate and the amount declared in the July to May returns.

An employer lodging an annual return is to include the taxable value of NT fringe benefits declared in the *Fringe Benefits Assessment Act 1986* ending 31 March, prior to the end of the financial year grossed-up by a rate equivalent to the FBT Type 2 rate.

Once an election has been made, all returns for the financial year must be made on that basis. An adjustment is required to be made in an employer's final return for the year, if they cease to pay NT wages or if they elect at the commencement of the next financial year, to include the actual value of benefits provided in each return. The adjustment is to account for the difference between the payroll tax paid on the estimated method and the amount that would have been paid on the actual value of benefits provided in that year.

- b) If an employer does not satisfy the 15 month condition in (a), the Commissioner of Territory Revenue may approve an alternative estimated method. A proposal setting out a reasonable basis for estimating the amount to be included in returns is to be provided with this election form.

For further information, please refer to the fringe benefits calculation notes in your returns booklet, the *Fringe Benefits Assessment Act 1986* (I-PRT-001) which can be down-loaded from the Territory Revenue Office web site at www.revenue.nt.gov.au or telephone us on 1300 305 353.

ELECTION

Select (relevant box): Estimated method (a)

Estimated method (b) and attach a proposal for the Commissioner's approval.

Employer Name

Registration No.

Signature (*Ú à ã & Á U - , & ^ Í Á [Í Á C E ~ c @ [Í á • ^ á á Ú ^ ! • []*)

Date

TERRITORY REVENUE OFFICE