



From 1 January 2017, the way the Department of Human Services assesses reportable fringe benefits to calculate a person’s adjustable taxable income for certain payments is changing.

Currently, if a person receives reportable fringe benefits from their employer, the Department assesses 51 per cent of the total value. From 1 January 2017, this will change to 100 per cent.

This change may affect the payment rate or eligibility for any payment that requires the calculation of adjusted taxable income, including:

- Family Tax Benefit Part A and B;
- Child Care Benefit;
- Stillborn Baby Payment;
- Parental Leave Pay;
- Dad and Partner Pay;
- Assistance for Isolated Children;
- Youth Allowance; and
- ABSTUDY Living Allowance.

If your client, or their child, receives any of these payments and fringe benefits from employment, they will receive a letter from the Department explaining the changes and what they need to do. For example, if they receive Family Tax Benefit (FTB) or Child Care Benefit (CCB), they will need to report the fringe benefits they receive by updating

their family income estimate. It is important to note if your client works for a not-for-profit organisation that is eligible for a fringe benefit tax exemption under section 57A of the Fringe Benefits Tax Assessments Act 1986, the Department will continue to assess their fringe benefits at 51 per cent of the total value.

- Examples of these types of employers include:
- public benevolent institutions;
  - health promotion charities; and
  - some hospitals and public ambulance services.

If your client is unsure if their employer meets this criteria, or if they receive reportable fringe benefits, the Department recommends they check with their employer’s payroll.

**Example 1**

Kate receives FTB and has a work provided car that is considered a reportable fringe benefit. Her employer is

not an exempt organisation. From 1 January 2017, the Department will use 100 per cent of the value of Kate’s car when it works out her adjusted taxable income. Kate’s rate of FTB will reduce as a result.

**Example 2**

Sam receives FTB for his two children and his employer pays for some of his childcare costs. While this is a reportable fringe benefit, Sam’s employer is a health promotion charity and therefore exempt. The Department will continue to assess 51 per cent of the childcare his employer pays. Sam’s FTB rate won’t change.

For more information about how the Department assesses employees’ reportable fringe benefits as part of their adjustable taxable income, go to [humanservices.gov.au/customer/enablers/adjusted-taxable-income](http://humanservices.gov.au/customer/enablers/adjusted-taxable-income)

*For more information about fringe benefits tax and exempt organisations, go to [ato.gov.au/General/Fringe-benefits-tax-\(FBT\)/](http://ato.gov.au/General/Fringe-benefits-tax-(FBT)/)*