

THE PARLIAMENT OF THE COMMONWEALTH OF
AUSTRALIA

SENATE

TAXATION LAWS AMENDMENT (FRINGE BENEFITS
TAX MEASURES) BILL 1992

SUPPLEMENTARY EXPLANATORY MEMORANDUM

(Circulated by the authority of the Treasurer,
the Hon J. Dawkins M.P.)

General Outline and Financial Impact

These amendments will amend the *Taxation Laws Amendment (Fringe Benefits Tax Measures) Bill 1992* introduced into Parliament on 16 September 1992 to substantially negate the effect of the Bill on certain income tax exempt employers.

Date of effect: 1 April 1994

Financial impact:	94/95	95/96
	\$m 50	\$m 52

Summary of the proposed amendment

Purpose of amendments: To provide a rebate of fringe benefits tax payable to certain income tax exempt employers to ensure that their liability to fringe benefits tax is not substantially different from the amount that would have been payable if this Bill had not been enacted.

Date of Effect: 1 April 1994

Background to the legislation

When this Bill was introduced into Parliament on 16 September 1992, the Treasurer announced that special arrangements would be provided for non-government organisations that are non-tax-paying bodies which are currently subject to fringe benefits tax. These amendments will provide those special arrangements.

Explanation of proposed amendments

Fringe Benefits Tax Assessment Act 1986

This amendment inserts a new Part into the *Fringe Benefits Tax Assessment Act 1986* dealing with rebates of fringe benefits tax to certain employers. [**Amendment 2 - New Part IIIA**]

The amendment will list the types of employers who will be eligible for a rebate of fringe benefits tax. [*New subsection 65J(1)*]

The rebate available to a rebatable employer is 48% of their fringe benefits tax payable. However, where an employer will only be a rebatable employer for part of a year of tax, the rebate is apportioned on a time basis. [*New subsection 65J(2)*]

The ordinary meaning of an institution or a hospital of the Commonwealth, a State or a Territory has been extended to include an institution or a hospital established by a law of the Commonwealth, a State or a Territory. [*New subsections 65J(4) and 65J(5)*]

Also, the Bill will ensure that the meaning of a society, association or club does not include, for the purposes of section 65J, an incorporated company which is beneficially owned by the Commonwealth, a State or a Territory or an authority or institution of the Commonwealth, a State or a Territory. [*New paragraph 65J(5)(b)*]

As a consequential amendment, the notional tax amount (the amount which forms the basis for tax instalments) for rebatable employers for the 1994-1995 tax year will be reduced to reflect the rebate available to those employers. [*Amended paragraph 110(1)(c)*]

Fringe Benefits Tax (Application to the Commonwealth) Act 1986

This amendment ensures that the rebate of tax available under the new Part IIIA of the *Fringe Benefits Tax Assessment Act 1986* will not be available to Commonwealth employers. [*Amendment 1 - New section 6A*]

