

## FBT warning on utes

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Employers are being urged to rethink their policies on private use of motor vehicles after it has been discovered that a number of employers believe that their vehicles are exempt from fringe benefits tax (FBT) when they are not.

BDO Kendalls partner Mark Molesworth said employers should not assume that utes with a carrying capacity of greater than one tonne are automatically exempt from FBT.

“Utes with a carrying capacity of greater than one tonne and certain utes with a lesser carrying capacity that are not primarily for carrying passengers are exempt from FBT as a car fringe benefit,” he said.

“However they are subject to residual benefits tax if they are used for private purposes.”

Mr Molesworth said private purposes included taking the kids to sport on the weekend or doing the shopping.

“Unless the use is minor, infrequent and irregular, and does not include home to work travel,” he said.

In order to take advantage of the exemption employers have to prove they have a policy prohibiting private use.

Mr Molesworth said employers should review, monitor and enforce their policies on private use of such vehicles immediately.

**ENDS**

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### **Note to editors:**

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