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### Hot Topics

#### The \$88k FBT motor vehicle trap

**You know you're having a bad day when you get an \$88,000 FBT bill from the Tax Office for a car that you thought was exempt. This is exactly what happened to one taxpayer.**

A sole director of a company bought a Lexus in June 2004 for \$119,000. The Director purchased the car through his company for use in the business (100% business use by the Director). The company operated from the same block of land as the Director's principal place of residence but the two buildings were divided by a wall and had separate driveways and letterboxes. As the car was for business use and garaged at the business, it was assumed that FBT did not apply and as a result, no FBT returns were lodged. No log books were kept evidencing the business use of the car until the Tax Office announced their intention to audit the business.

Following an FBT audit in 2009, the Tax Office gave the Director an assessment for just under \$88,000 in outstanding tax. The Director challenged the Tax Office's assessment as "excessive" but lost. The reason for the assessment is that the FBT Act states that a vehicle will be available for private use (and subject to FBT) if the car is garaged or kept "at or near a place of residence of the employee or an associate of the employee." In this case, the Administrative Appeals Tribunal found the Lexus was kept 'near' the Director's place of residence and as a result, gave rise to a car fringe benefit for each day it was garaged there.

While this particular case is unusual because the Director's principal place of residence was on the same block of land the company operated from, there are a couple of key points that all employers (including the self employed) should take away:

- Always keep records to justify your tax decisions; and
- Be aware of what method you need to use for FBT and motor vehicles

As always with tax, the devil is in the detail.

For motor vehicles, it's important to have a record of what cars are subject to FBT, when things change, periods of use, and the method being used to calculate FBT. If you use the statutory method, make sure you keep a record of the odometer reading at the end of the FBT year on 31

March, and if you have elected to use the operating cost method, make sure that your log books are current.

Don't forget that informal arrangements between employers and employees can unintentionally give rise to an FBT liability - such as allowing employees to use company cars for private use over a weekend.

## Important Dates To Remember

### 21 MARCH

Final date for lodgement and payment for February 2010 monthly activity statements

### 21 APRIL

Final date for lodgement and payment for March 2010 monthly activity statements

### 28 APRIL

Quarter 3 (January – March) PAYG Instalments

### 12 MAY

Quarter 3 (January – March 2010) Activity statements: final date for electronic lodgement and payment

## What's Happening at Marsh Tincknell

### Kylie Dieckman – Randall Corless Team Accountant



Kylie completed her Bachelor of Business majoring in Accountancy at Griffith University. She has over six years experience working in Chartered Accountancy firms, specialising in business services, and joined Marsh Tincknell in 2008.

In her spare time Kylie enjoys playing touch football, camping, water skiing, jet skiing and exercising her dog, Amber.

### February's casual dress day raised funds for 'The Hope for Haiti' Fund



*Hope for Haiti* is at the forefront of earthquake disaster relief in Port-au-Prince and Les Cayes. The fund has delivered over \$10 million in supplies to the affected area and continues to help thousands of displaced people in desperate need of care. It is this charity, nominated by our team accountant Lisa Turner, that Marsh Tincknell raised funds for during our February Casual Dress Day.

### **Staff Departure**

#### ***Lisa Turner – Randall Corless Team Accountant***



Lisa Turner will be leaving the Marsh Tincknell Team in April. She and her partner are moving to Perth, Western Australia. We wish her all the very best for the future and thank her for a very concise contribution over the past year.

### **New Staff Member**

#### ***Ann-Marie Klaser – Client Liaison Officer***



Ann-Marie joined the Marsh Tincknell team this month as a Client Liaison officer on Reception. She has a strong customer service background specialising in retail management and client liaison. In her spare time, Ann-Marie enjoys playing soccer, writing, beach combing with her husband and following the latest fashions. Welcome to the team!

*“It’s not making ends meet that’s so difficult. It’s making the ends hold still”*

– The Little Book of Money Tips by Sarah Dawson.