

## WANT A TAX PERK? – CATCH THE BUS

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Salary packaging bus travel appears to be another tax perk that has slipped through the fringe benefits tax (FBT) net according to the Institute of Public Accountants (IPA).

The ATO class ruling (CR 2016/58) allows an employer to provide a bus travel smart card as part of a salary sacrifice arrangement for bus travel between home and work subject to a few rules.

“This ruling allows a person to salary package bus travel between home and place of employment from pre-tax income,” said IPA chief executive officer, Andrew Conway.

“Normally for taxation purposes, this travel is considered private in nature and employees have to bear this expense from post-tax dollars with no tax relief.

“However, this ruling confirms the anomaly, providing a tax break relating to bus transport whereas such a benefit does not apply to any other form of public transport such as trams, trains and ferries.

“While difficult to comprehend, this absurd anomaly arises from the fact that a bus does not fall within the definition of ‘car’ for FBT purposes. It’s a convoluted process to get to this outcome.

“While it may be a good deal for bus travellers, it is an inconsistency within the tax regime that does not sit well with other modes of transport. In a world where we are trying to encourage the use of public transport for congestion and environmental reasons, it is hard to justify this outcome from a policy perspective.

“This ridiculous outcome is just the tip of the iceberg when it comes to FBT.

“The IPA has long argued for an overhaul of the current FBT rules which are well past their use by date and no longer reflect modern work practices.

“There has been some effort in recent times to address some of the issues surrounding FBT, such as placing a \$5K cap on salary packaged meal and entertainment expenses; and, reforming the statutory formula for cars to remove the incentive to travel more kilometres to lower the FBT charge.

“In the main, however, the approach has been that of band-aid fixes which has not addressed the complexities associated with FBT.

“FBT has the unenviable reputation of being the tax which is the most administratively difficult for employers and incurs the highest