

GST NEWSLETTER

FRINGE BENEFITS TAX & GST CREDITS

As previously advised GST Credits can be claimed in respect to appropriate Fringe Benefits Allowances. In such cases, if the Tax Invoice is in the name of the employee, it is essential for a written assignment of each Tax Invoice to be provided to the employer whereby the GST credits are transferred from employee to employer (sample assignment attached).

The Australian Taxation Office (ATO) have now advised that where the employer is paying for Fringe Benefits Allowances by way of the employee's Credit Card (Visa, MasterCard etc.) there are additional issues to be allowed for regarding the availability of GST Credits. In summary the position is:

- If the arrangement between employer and employee is for the employer to pay **either** a set monthly sum, **or** the balance of the credit card, **then** ATO deem this to an input tax supply, and GST credits are not available.
- Where the arrangement between employer and employee is for the employer to recoup for specific items, e.g. telephone, water, car expenses (all of which have input tax credits available), and where the Tax Invoice is provided with credits transferred to the employer, then the GST credits can be claimed by the employer.
- To ensure access to the GST credits, it is therefore important to ensure there is a written agreement between the Church/Religious Institution/Charitable Institution and their personnel identifying the type of expenses that can be paid, and the manner of payment to obtain the GST credits.
- The ATO view is based on their interpretation of the law. It may well be possible to dispute their interpretation, but in practical terms that is not advisable due to the cost. It is therefore recommended that you review your agreements over Fringe Benefits to allow for the ATO interpretation.