

## Monash University Procedure

<b>Procedure Title</b>	<b>Fringe Benefits Tax – Travel Procedures (Australia Only)</b>
<b>Parent Policy</b>	<a href="#">Fringe Benefits Tax (Australia) Policy</a>
<b>Date Effective</b>	10-July-2015
<b>Review Date</b>	20-September-2011
<b>Procedure Owner</b>	Divisional Director, Corporate Finance
<b>Category</b>	Operational Procedure
<b>Version Number</b>	1.1
<b>Content Enquiries</b>	<a href="#">Finance Policy</a>
<b>Scope</b>	All Australian campuses All Australian staff members
<b>Purpose</b>	To ensure the University complies with Australian Fringe Benefits Tax (FBT) legislation and rulings.
<b>PROCEDURE STATEMENT</b>	

The purpose of the procedure is to minimise or eliminate FBT on travel.

The ATO views all travel as prima facie subject to FBT unless a travel diary or other records can be produced to prove otherwise. The onus of proof is on the University. If the University is to minimise FBT on travel, a travel diary or similar document is required by the ATO to substantiate the business purpose of the travel.

The Travel Diary proving business intent has the effect of reducing the taxable value of travel related expenditure being airfares, accommodation, food and incidentals. Where a compliant Travel Diary is not prepared or is not produced when requested by the ATO, FBT would apply to any travel costs incurred by the University on behalf of the employee.

The application of FBT would essentially double the cost of the travel to the University.

A travel diary is required for domestic travel that is greater than five nights and is not exclusively business, and overseas travel that is greater than 5 nights. Travel not requiring a travel diary must be substantiated by a declaration or conference brochure that proves business purpose.

In the event of an audit discovering non-compliance with these ATO rules in any of the previous five FBT years, any FBT and subsequent penalty (up to 200% of the tax payable) will be charged directly to the department concerned.

It is not the intent of this procedure to encourage employees to undertake private travel when travelling on business or to structure business travel to incorporate private days. The intent is to bring awareness and require employees to comply with the ATO documentary requirements to prove business purpose as well as provide awareness of the cost and tax implications of travel that is not predominantly business.

FBT only applies to employees (past, present or future) and their associates (ie. family members, partners, friends or relatives).

FBT does not apply to students or adjuncts who have never been employees

All University travel must be undertaken in accordance with the [International Staffing and Staff Mobility Policy](#) and accompanying procedures.

## Monash University Procedure

For assistance with requirements in this procedure and tax implications, contact [finance-fbthelp-l@monash.edu](mailto:finance-fbthelp-l@monash.edu)

### Travel Diaries

A travel diary must be completed for

- all overseas travel that is greater than 5 nights taken for University business, research or field work
- all travel within Australia where the trip involves the employee being away from their home for more than five consecutive nights and the purpose of the travel is not exclusively for University business.

Where the employee is away for less than or equal to five consecutive nights and the trip is not exclusively business, an [Expense Payment Fringe Benefit Declaration](#) must be completed which indicates the business and private aspects of the trip.

A Travel Diary need not be prepared for Monash University where the trip is exclusively for the purposes of an OSP and the **only** University funding provided for the trip has been paid directly into the employee's salary. In the exceptional event that the University covers expenses other than a grant through the payroll, the entire trip must be substantiated by a travel diary.

Travel diaries or expense declarations must be attached to the Concur Expense Report in which travel related expenses are acquitted whether by Corporate Card or reimbursement. The Concur Expense Report must also contain the Concur Travel Management trip reference number where applicable.

Travel diaries can also be maintained within the Department ensuring easy access in case of an audit.

### Responsibility

Employee Travelling

### Private Travel and FBT

Where the travel has or is deemed to have both business and private travel components the number of private days must be recorded in the Concur Travel Request at the question relating to "Number of Private Leave Days".

Days taken as Time in Lieu days due to such things as business or travel over weekends must be approved by Management and indicated on the travel plan and in the Travel Diary.

### Responsibility

Employee travelling

Where the business component is equal to or less than 70% of the total trip, a copy of the travel plan/ travel diary must be sent to the Tax Team, Corporate Finance Division, for analysis and advice prior to travel to confirm the status of the trip as either business or as having a dual purpose and subject to FBT. Where the travel plan has been entered into Concur Travel Management and the business component is equal to or less than 70% of the total trip, if no contact has been made with the Tax Team, Corporate Finance, the Tax Team will initiate contact with the traveller to determine the tax outcome of the travel.

After the Tax Team has assessed the travel and an employee subsequently changes the business or private portion of travel or modifies a location for private purposes, the tax outcome may be affected. Employees should contact the Tax Team, Corporate Finance for a reassessment. If dual purpose travel is subsequently found to have occurred, the liability for the private portion of the travel is the employees.

### Responsibility

Taxation team

Corporate Finance Division

Employee travelling

## Monash University Procedure

In analysing the travel, the Tax Team, Corporate Finance will take into account business days, incidental days, time in lieu days and private days to determine whether the trip constitutes dual purpose travel. Where dual purpose travel is determined, 50% of the airfare expenditure would be a private expense and would usually incur FBT. However, the University position is that it will not pay FBT on travel and so action must be taken to reduce the taxable value to nil.

### Responsibility

Taxation team  
Corporate Finance Division

Where an employee changes location for a private purpose the travel cost for the location change is a private expense and must be paid directly by the employee. If the employee is not returning to their usual place of employment from a location where business was transacted, in some circumstances this portion may constitute a private expense as the employee is returning from a holiday and may be required to pay directly for this expense.

The liability for the private portion of all travel costs rest solely with the employee travelling where private travel or dual purpose travel occurs. For dual purpose travel, unless impractical, an employee must pay directly to the supplier 50% of the cost of the airfare (or whatever other portion advised by Tax Team) and all private accommodation, food and other incidental costs. The University will pay the supplier the remaining business related portion.

Other options, if necessary:

- an employee should pay for the full airfare and request a reimbursement from the University for the business related portion of the cost of the airfare (50% or whatever other portion advised by Tax Team), or
- if administrative convenience dictates that the University pay the cost of the full airfare, the travelling employee acknowledges that the University has advanced them the amount of their private portion as an agent of the employee and the employee must reimburse the advance in full to the University immediately for 50% of the airfare (or whatever other portion advised by Tax Team). In this case a receipt or other proof of payment must be kept with University records to substantiate the reimbursement of the advance.

### Responsibility

Employee travelling

Payment can be made directly into the Monash University General Bank Account - BSB 033 289 Account no. 630759 with details of the deposit sent by the traveller to the Bank Reconciliation Officer - Research and Revenue Accounting ([finance-corporatebanking@monash.edu](mailto:finance-corporatebanking@monash.edu)) and the Tax Team, Corporate Finance ([finance-fbthelp-l@monash.edu](mailto:finance-fbthelp-l@monash.edu)). Please include the name of the traveller plus fund and centre to show correct allocation.

In order to ensure that any FBT charge costed to the department is reversed, an email of the details of the payment and receipt must be sent to [finance-fbthelp-l@monash.edu](mailto:finance-fbthelp-l@monash.edu) , quoting the SAP document number of the original expense. Retain a copy of the receipt to substantiate the FBT reduction in the event of an ATO audit.

### Responsibility

Employee travelling  
Departmental Finance Officer  
Bank Reconciliation Officer

## Monash University Procedure

<b>Responsibility for implementation</b>	Senior Vice-President Finance & CFD Executive Director, Corporate Finance
<b>Status</b>	Revised
<b>Approval Body</b>	<b>Name:</b> Vice-President (Finance) <b>Date:</b> 10-July-2015 <b>Author:</b> Taxation Manager
<b>Definitions</b>	<p><b>ATO:</b> Australian Taxation Office</p> <p><b>Business days:</b> Days where official University business is undertaken and includes travel to arrive at the destination to transact University business and return from business location. A business day would usually include incidental days. For ATO audit purposes, business undertaken on any day in a travel diary would need to be sufficient to prove a business requirement to be in that location as well as sufficient business transacted within the day. Weekend and public holidays immediately between two periods of business are also considered business days.</p> <p><b>Dual Purpose Travel:</b> Travel that includes less than or equal to 70% business days</p> <p><b>FBT:</b> Fringe Benefits Tax</p> <p><b>FBT Year :</b> 1 April to 31 March the following year</p> <p><b>Incidental days:</b> Reasonable rest and recovery days, unavoidable stopovers or delays, or unavoidable days between two periods of business that could not be rescheduled and it would be impractical to return to the usual place of employment.</p> <p><b>OSP:</b> Outside Studies Program</p> <p><b>Private days:</b> Days where annual leave, long service leave and leave without pay are taken and weekends and public holidays in between such periods of leave. The non-work days of part-time, casual and sessional staff are also considered private days.</p> <p><b>ROMR:</b> Record of Monies Received</p> <p><b>Taxable Value:</b> The value of the fringe benefit that is to be used for calculating the FBT liability</p>
<b>Legislation Mandating Compliance</b>	<a href="#">Fringe Benefits Tax Act 1986</a> <a href="#">Fringe Benefits Tax Assessment Act 1986</a>
<b>Related Policies</b>	<a href="#">Global Taxation Policy</a> <a href="#">Corporate Credit Card Policy</a> <a href="#">Reimbursements Policy</a>
<b>Related Documents</b>	<a href="#">Travel at Monash</a> <a href="#">Travel Diaries</a>

## Monash University Procedure

	<p><a href="#">International Staffing and Mobility Policy</a> and related procedures</p> <p>This procedure refers to private travel and FBT - link available at: <a href="http://www.adm.monash.edu.au/workplace-policy/international/procedure-staff-international-travel.html">http://www.adm.monash.edu.au/workplace-policy/international/procedure-staff-international-travel.html</a></p>
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