

1990-91

THE PARLIAMENT OF THE COMMONWEALTH OF
AUSTRALIA

HOUSE OF REPRESENTATIVES

FRINGE BENEFITS TAX AMENDMENT BILL 1991

EXPLANATORY MEMORANDUM

(Circulated by the authority of the Treasurer,
the Hon. J. Kerin, M.P.)



Increase in the rate of Fringe Benefits Tax

General Outline and Financial Impact

- The Fringe Benefits Tax Amendment Bill 1991 will amend the *Fringe Benefits Tax Act 1986* to increase the rate of tax on fringe benefits from 47% to 48.25%.
- **Proposal announced** : This proposal was announced in the 1991/92 Budget.
- **Financial Impact** : The amendment will result in estimated gains to the revenue of \$35 million in 1992/93 and \$37 million in 1993/94.

Explanation of the proposed amendments

This Bill will amend section 6 of the *Fringe Benefits Tax Act 1986* to increase the fringe benefits tax (FBT) rate from 47% to 48.25%. This amendment will align the FBT rate with the top marginal personal tax rate plus medicare levy. **[Clause 3]**

Commencement date

The amendment will have effect from 1 April 1992, the commencement of the next FBT year. **[Clause 4]**

Clauses involved in the proposed amendments

Clause 3 : amends section 6 of the Fringe Benefits Tax Act 1986 to increase the rate of tax.

Clause 4 : provides that the increased rate will apply from 1 April 1992.