



# FBT concessions for not-for-profit organisations

How benefits provided to employees of not-for-profit organisations are treated for fringe benefits tax (FBT) purposes.

## Overview: FBT concessions for not-for-profits

Find out how FBT concessions apply for not-for-profit organisations, and which concessions you may be eligible for.

## FBT-exempt organisations

Work out if your not-for-profit organisation is entitled to an FBT exemption and check the exemption capping threshold.

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Work out if your not-for-profit organisation is entitled to the FBT rebate and check the rebate capping threshold.

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# Overview: FBT concessions for not-for-profits

Find out how FBT concessions apply for not-for-profit organisations, and which concessions you may be eligible for.

**Last updated** 12 January 2023

If your not-for-profit organisation provides fringe benefits to its employees (or their associates, such as partners), it may be eligible for a fringe benefits tax (FBT) exemption or rebate.

### **Watch: Not-for-profits and fringe benefits tax**

**Media:** Not-for-profits and fringe benefits tax

<https://tv.ato.gov.au/ato-tv/media?v=bd1bdiubtanqim>  (Duration: 3:18)

FBT concessions for not-for-profit organisations apply as follows:

- [FBT-exempt organisations](#) (exemption up to a capping threshold)
  - public benevolent institutions (a type of charity) and health promotion charities registered by the Australian Charities and

Not-for-profits Commission and [endorsed](#) by the ATO

- public and not-for-profit hospitals
- public ambulance services
- [FBT rebatable employers](#) – certain non-government not-for-profit organisations eligible for an FBT rebate of 47% of the gross FBT payable (up to a capping threshold)
- [Religious institutions](#) – exemptions for benefits for religious practitioners, live-in carers and domestic employees
- [Non-profit companies that provide care for elderly or disadvantaged people](#) – exemptions for live-in carers.

As well as these concessions specific to not-for-profit organisations, there are [exemptions and concessions](#) that apply more broadly (such as exemptions for work-related items and minor benefits). These exemptions and concessions also apply to the not-for-profit sector.

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## FBT-exempt organisations

Work out if your not-for-profit organisation is entitled to an FBT exemption and check the exemption capping threshold.

**Last updated** 19 June 2024

### Eligibility for FBT exemption

Your not-for-profit organisation is exempt from fringe benefits tax (FBT), up to a capping threshold, if it is a:

- [public benevolent institution](#) (other than a public or not-for-profit hospital) that is registered by the Australian Charities and Not-for-profits Commission and endorsed by the ATO
- [health promotion charity](#) that is registered by the Australian Charities and Not-for-profits Commission and endorsed by the ATO

- public or not-for-profit hospital
- public ambulance service.

Public hospitals include government-run hospitals and most not-for-profit privately run hospitals operating for the benefit of the public. Not-for-profit hospitals include those operated by a charity. For more information on the eligibility of hospitals, see [FBT guide: 6.3 FBT exemption - subject to capping](#).

## Capping thresholds

Eligible organisations are exempt up to a capping threshold, as follows:

- Public benevolent institutions and health promotion charities: \$30,000.
- Hospitals and ambulance services: \$17,000.

If the total grossed-up value of fringe benefits you provide to an employee during the FBT year is equal to or less than the capping threshold, the benefits are exempt from FBT. Don't count benefits that would have been exempt even if your organisation was not FBT-exempt, such as minor benefits.

If the total grossed-up value of fringe benefits provided to a specific employee exceeds the capping threshold, your organisation will need to:

1. Calculate and pay the FBT on the excess.
2. Report details of the fringe benefits provided to all employees, not just for the employee (or employees) that exceeded the exemption cap.

The per employee capping threshold applies even if the employer employed the specific employee for less than the full FBT year. For example, if an eligible public benevolent institution employed someone between October and March and the total grossed-up value of benefits provided was \$25,000, FBT is not payable.

If an organisation is both a registered public benevolent institution and a public or not-for-profit hospital, the hospital capping threshold applies.

## Benefits not counted in the capping thresholds

The following benefits are not counted in the FBT exemption capping threshold:

- car parking fringe benefits
- meal entertainment benefits (not salary packaged)
- entertainment facility leasing expenses (not salary packaged).

## Are exempt benefits reportable fringe benefits?

[Reportable fringe benefits](#) are fringe benefits that may need to be reported in an employee's income information through Single Touch Payroll, or their payment summary.

Exempt benefits are not reportable fringe benefits unless:

- they relate to [eligible electric cars](#)
- they're exempt *solely* because your organisation is an exempt not-for-profit.

For example, a benefit provided by a public hospital that is an exempt benefit because the hospital is an exempt not-for-profit organisation is still a reportable benefit. In this case, the hospital:

- calculates the notional taxable value of the benefit as though the organisation was not exempt from FBT
- uses this notional taxable value to calculate and report the employee's reportable fringe benefits amount through Single Touch Payroll.

Although these benefits are reportable, they remain exempt from FBT.

However:

- A benefit that qualifies as an exempt minor benefit (and is therefore exempt for all employers) is not reportable.
- A benefit that is exempt because it is provided by a religious institution to a religious practitioner in recognition of the practitioner's pastoral duties is not reportable.

## Calculating your FBT

Use the calculator to work out the FBT payable for the fringe benefits you provide to each of your employees.

[Not-for-profit FBT calculator](#)

To manually calculate your FBT exempt and non-exempt amounts, see [FBT guide: 6.10 Calculating the FBT exemption](#).

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## FBT rebatable employers

Work out if your not-for-profit organisation is entitled to the FBT rebate and check the rebate capping threshold.

**Last updated** 12 January 2023

### FBT rebate eligibility

The fringe benefits tax (FBT) rebate is 47% of the gross FBT payable, up to a capping threshold.

Your organisation qualifies for the FBT rebate if it is a non-government organisation and a:

- charity that is an [institution](#) (but not a public benevolent institution) registered by the Australian Charities and Not-for-profits Commission and [endorsed](#) by the ATO
- religious institution registered by the Australian Charities and Not-for-profits Commission and [endorsed](#) by the ATO
- certain type of [scientific institution](#) or [public educational institution](#)
- trade union or employer association
- not-for-profit organisation established:
  - to encourage music, art, literature or science
  - for musical purposes
  - to encourage or promote a game, sport or animal races

- for community service purposes
- to promote the development of aviation or tourism
- to promote the development of Australian information and communications technology resources
- to promote the development of the agricultural, pastoral, horticultural, viticultural, aquacultural, fishing, manufacturing or industrial resources of Australia.

Organisations that qualify for an FBT rebate are referred to as 'rebatable employers'.

The FBT rebate is **not** available to:

- charities that are not [institutions](#)
- charities that are institutions established by a law of the Australian Government, or a state or a territory – such as public universities, public museums and public art galleries
- public benevolent institutions and health promotion charities, which are eligible for the [FBT exemption](#).

## Capping threshold

The rebate applies only to the first \$30,000 (the capping threshold) of the grossed-up value of fringe benefits provided to an employee. If the total grossed-up taxable value of fringe benefits provided to an employee exceeds the capping threshold, the rebate doesn't apply to the excess amount.

The full capping threshold applies even if an employee works for your organisation for only part of the FBT year.

## Benefits not counted in the capping threshold

The following benefits are not counted in the FBT rebate capping threshold:

- car parking fringe benefits
- meal entertainment benefits (not salary packaged)
- entertainment facility leasing expenses.

# Calculating your FBT

Use the calculator to work out your FBT and rebate for the fringe benefits you provide to each of your employees.

[Not-for-profit FBT calculator](#)

To calculate your FBT amounts and rebate manually, see [FBT guide: 6.11 Calculating the FBT rebate](#).

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## FBT and religious institutions

Find out about exempt benefits for religious practitioners, live-in carers and domestic employees.

**Last updated** 12 January 2023

### Exempt benefits

Religious institutions may be eligible for an exemption from fringe benefits tax (FBT) for benefits they provide to:

- religious practitioners
- live-in carers
- domestic employees.

Religious institutions do not need to be endorsed by us to access the exemption, but they must be registered with the [Australian Charities and Not-for-profits Commission](#) [↗](#) as a charity established to advance or promote religious purposes.

### FBT rebate

A registered religious institution may also be eligible for the [FBT rebate](#) for benefits that are not exempt if registered by the Australian Charities and Not-for-profits Commission and endorsed by us.

## Religious practitioners

Benefits are exempt if they are provided by registered religious institutions to religious practitioners principally in recognition of the practitioner's pastoral duties, or other duties related to the practice, study, teaching or propagation of religious beliefs.

For more information and examples, see Taxation Ruling [TR 2019/3](#) *Fringe benefits tax: benefits provided to religious practitioners*.

The following examples will help you understand the requirements for an FBT exemption for benefits provided to religious practitioners:

- [Meaning of religious practitioner](#)
- [What pastoral activities include](#)
- [Directly related religious activities](#)
- [Types of benefit](#)
- [Employee receiving non-cash benefits](#)

### Meaning of religious practitioner

Example: providing spiritual support

David is employed by a registered religious institution to provide spiritual support to children, and to conduct the youth group. While David has a Bachelor of Theology, he is not ordained by the religious institution and is not commissioned or authorised by the religious institution to act as a minister or spiritual leader.

He is not a religious practitioner and benefits provided to him are not exempt from FBT.

Example: commissioned to perform pastoral duties

Maya is commissioned by a registered religious institution to perform the pastoral duties of a minister. The religious institution employs her to run religious services on Wednesday and Friday, and to teach the Sunday school.

Maya is a religious practitioner, and benefits provided to her by the religious institution are exempt from FBT.

Example: writing news and website articles for religious institutions

Arjun is employed by a registered religious institution that provides support services for other religious institutions. His duties are to write news and website articles for various religious institutions. He has academic qualifications in theology, but is not ordained or authorised to act as a minister or spiritual leader.

Arjun is not a religious practitioner and benefits provided to him are not exempt from FBT.

## **What pastoral activities include**

Example: teaching a recognised subject of the state curriculums

Tashi is a minister of religion employed by a registered religious institution to teach at a private school it operates.

Her duties are to teach the Studies of Religion subject to year 11 and 12 students. These teaching duties are not pastoral or directly related religious activities, as they are concerned with teaching a recognised subject of the state year 11 and 12 curriculums.

Fringe benefits provided by the registered religious institution to Tashi are not exempt from FBT.

Example: teaching specific religious beliefs

Ameer is a minister of religion who is employed by a registered religious institution to teach at a private school it operates.

His duties principally relate to teaching its religious scriptures, leading the school's daily prayer group and conducting religious instruction on the specific religious beliefs promoted by the religious institution.

These duties are considered pastoral duties. Benefits provided by the religious institution to him are exempt from FBT.

Example: mixed teaching and pastoral duties

Liev is a religious practitioner who is employed by a registered religious institution to teach at a private school it operates. His duties are to:

- teach the Studies of Religion subject to year 11 and 12 students
- provide religious guidance to the student body
- conduct a weekly religious service.

Teaching the Studies of Religion subject to year 11 and 12 students is not a pastoral duty.

If it is clear that any benefits provided to him are for providing religious guidance and the weekly religious service, which are pastoral duties, the benefits are exempt from FBT. Even if he is paid a salary, similar to other curriculum teachers, for teaching the Studies of Religion subject, the additional benefits would be considered to be for his pastoral duties.

## **Directly related religious activities**

Example: writing spiritual content and preparing programs for spiritual study groups

Brianna is a minister of religion employed by a registered religious institution. Her duties include writing spiritual content for the religious institution's website and newsletters, as well as

preparing programs for other ministers to use in spiritual study groups.

These are directly related religious activities. Benefits provided by the registered religious institution to her for carrying out these duties are exempt from FBT.

#### Example: school administration duties

Zenshin is a minister of religion employed by a registered religious institution. He is the head administrator of the 5 schools run by the religious institution. His duties include:

- overseeing the day-to-day functions of the schools
- staff management
- asset and financial management
- program development.

These are not directly related religious activities. Benefits provided by the religious institution to him for carrying out these duties are not exempt from FBT.

#### Example: musical direction

Gabrielle is a minister of religion employed by a registered religious institution. She is the musical director for the religious institution's weekly service. Her duties include:

- scheduling performers
- conducting rehearsals for the supporting band and backing vocalists
- attending production meetings
- managing the technical rehearsal.

These are not directly related religious activities. Benefits provided by the religious institution to her for carrying out these duties are not exempt from FBT.

## Types of benefit

Example: housing, school fees and holiday benefits

Abdul is a minister of religion employed by a registered religious institution to perform daily prayer services. The religious institution provides him with a residence, pays his children's school fees, and pays for a holiday every 2 years.

The benefits provided to Abdul and his associates are related to his pastoral duties and are exempt from FBT.

## Employee receiving non-cash benefits

Example: car as the only benefit supplied to commissioned minister

Jean is not ordained, but has been commissioned by a registered religious institution to perform the pastoral duties of a minister. He conducts religious services once a week and provides spiritual counselling to members throughout the week. The religious institution does not pay him, but supplies him with a motor vehicle to enable him to perform pastoral duties.

The provision of non-cash benefits, such as a motor vehicle, is sufficient payment for Jean to be considered an employee of the religious institution for FBT purposes. The provision of the motor vehicle is exempt from FBT.

## Live-in residential carers

If a registered religious institution's activities include caring for elderly or disadvantaged people, certain benefits it provides to its employees are exempt from FBT.

The exemption is for live-in carers if the carer resides with the elderly or disadvantaged person in residential accommodation you provide. The benefits that may be exempt include the employee's live-in accommodation, electricity or other residential fuel, meals or other food and drink.

## **Domestic employees**

Benefits provided by registered religious institutions to live-in and non-live-in domestic employees are FBT exempt in certain circumstances.

For a live-in employee, the employee's duties must mainly involve domestic or personal services for a religious practitioner and the practitioner's relatives residing with them. The benefits that may be exempt include the employee's live-in accommodation, electricity or other residential fuel, meals or other food and drink.

For a non-live-in employee, the employee's duties must also mainly involve domestic services for religious practitioners and the practitioner's relatives residing with them. The exempt benefits are limited to food and drink consumed by the employee while carrying out employment-related duties.

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## **FBT and not-for-profit organisations that provide care**

Work out if your not-for-profit organisation is entitled to FBT concessions for live-in residential carers.

**Last updated** 12 January 2023

### **Overview**

If your not-for-profit organisation provides care for elderly or disadvantaged people, benefits it provides to live-in carers may be exempt from fringe benefits tax (FBT).

## Eligible organisations

To be eligible, the organisation must be either:

- a charity registered with the Australian Charities and Not-for-profits Commission, but not a religious institution, or
- a not-for-profit organisation that is not a charity – that is, it must meet both of the following requirements
  - it must be an organisation that is not carried on for the purposes of profit or gain to its individual members
  - its governing documents must prohibit it from making any distribution, whether in money, property or otherwise, to its members.

## Eligible carers and benefits

The FBT exemption is for live-in carers who reside with the elderly or disadvantaged person in residential accommodation you provide.

The benefits that may be exempt include the employees' live-in accommodation, electricity and other residential fuel, and meals or other food and drink.

For more information see [FBT guide: 6.7 Non-profit companies and live-in residential carers](#).

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## Volunteers and contractors and FBT

Confirm that FBT does not apply to benefits or reimbursement you provide to your volunteers and contractors.

**Last updated** 12 January 2023

Benefits your not-for-profit organisation provides to volunteers and [independent contractors](#) are not subject to fringe benefits tax (FBT).

FBT is a tax payable by employers who provide fringe benefits to their employees or associates of their employees. Volunteers and independent contractors are not considered employees.

Reimbursing a volunteer for out-of-pocket expenses does not make them an employee.

## **Examples: no FBT on reimbursement of travel and minor expenses**

Michelle volunteers her time with an environmental group planting trees along waterways. While planting in country areas she is provided with accommodation and basic meals. As Michelle is not considered to be an employee, these benefits are not subject to FBT.

Jorge provides his services to the local volunteer bushfire brigade. He is reimbursed for travel and other minor expenses he incurs in carrying out his duties. Jorge is not considered to be an employee as the reimbursement he receives does not amount to salary or wages. No FBT arises on these reimbursements.

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