

Fringe Benefit Tax on work-related vehicles

You must pay FBT on a work-related vehicle, if it's available for private use.

It doesn't matter that the vehicle is a commercial vehicle and not a car, nor that it's been sign-written to comply with Inland Revenue requirements.

What matters is whether the travel to and from home is necessary in, and a condition of, employment.

A plumber usually goes to different jobs every day. It would be impractical to return to the employer's premises so the employee's home becomes a place of work.

The employer should give a written instruction to the employee about taking the vehicle home and state it is not to be used for private purposes.

We recommend getting the employee to sign confirming he/she understands the instruction.

If you comply with this, no fringe benefit tax has to be paid.

The work-related vehicle exclusion is applied on a daily basis. If the employee has unrestricted private use on work days but is not allowed to use the vehicle on days he isn't working, the fringe benefit tax liability can be reduced proportionately.

