

Submission from Danielle Berry

Fringe benefit tax poses a barrier to sustainable travel choices

Fringe benefit tax (FBT) concerns benefits provided by employers to employees in addition to salaries/wages. Under FBT laws employer-provided cars are treated differently from alternatives like public transport fares.

For employees provided with a car there is an incentive to drive more to get a lower threshold for FBT, the assumption being the higher the mileage, the greater the proportion of business travel. Incentives to use green commuting options are taxed at their full value, which can make it costly for employers.

Changes to FBT laws have been advocated to overcome the incentives for car commuting. A study by ARRB Transport Research suggested removing concessional treatment of cars in salary packages or at least providing similar concessions to public transport and other alternatives.

The House of Representatives Environment Committee in its recent Sustainable Cities report found that FBT laws are an impediment to reducing car dependency. It recommended that FBT concessions be reviewed for greater car use and provide incentives for other travel modes.

More needs to be done to progress the issues surrounding FBT and sustainable travel choices.