

OUR PHILOSOPHY: Grow our client's business first. It is only through our client's success that we succeed.

BANYAN CONSULTING

ACCOUNTANT ALERT

FBT YEAR-END 2026

Five Things the ATO Is Watching Right Now

The FBT year closed 31 March 2026. Returns are due 21 May (paper) or 25 June (tax agent). The ATO has moved from nudge letters to active enforcement — data-matching, risk profiling, and audits are under way.

01 | MOTOR VEHICLES & PRIVATE USE

Company vehicles are the #1 audit trigger.

The ATO crossmatches motor vehicle registry data against payroll and FBT lodgements. If your company owns vehicles but has never lodged an FBT return, you are already flagged. Key traps:

- Vehicle garaged at an employee's home = private use, full stop.
- Dual-cab utes are NOT automatically exempt — load capacity and use restrictions must be met.
- Logbooks older than 5 years (or not reflecting current usage) are invalid.
- Home-to-work travel counted as “business” use is a common and costly error.

ACTION NOW

Photograph every company vehicle odometer today. Confirm all logbooks are current.

02 | PLUG-IN HYBRID ELECTRIC VEHICLES

PHEVs lost their exemption from 1 April 2025.

Battery EVs still qualify for the FBT exemption. PHEVs do not — unless a financially binding commitment was in place before 1 April 2025 AND the arrangement hasn't changed. Any break resets the clock. For eligible battery EVs, PCG 2024/2 allows a 4.20¢/km shortcut for home-charging costs.

ACTION NOW

Audit every PHEV arrangement now. If the exemption is gone, FBT must be calculated and reported.

[About this newsletter](#)

Welcome to Banyan Consulting's client information newsletter, your monthly tax and super update keeping you on top of the issues, news and changes you need to know.

The material and contents provided in this publication are informative in nature only. It is not intended to be advice and you should not act specifically based on this information alone. If expert assistance is required, professional advice should be obtained.

We are here to help, contact us today:

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03 | ENTERTAINMENT & THE DEDUCTION MISMATCH

Claiming a deduction? You should be paying FBT.

The ATO automatically cross-checks ITR entertainment deductions against FBT returns. The rule is simple: entertainment is not deductible AND not subject to GST credits — unless FBT applies. Common landmines:

- Mixed client/staff lunches: the staff portion triggers FBT; the client portion does not.
- Using the 50/50 method? The minor benefits exemption (\$300 threshold) does NOT apply.
- Coding meals as “marketing” to claim deductions without considering FBT is a red flag the ATO specifically looks for.

ACTION NOW

Reconcile your entertainment deductions against your FBT position before lodgement.

04 | NIL LODGEMENTS & NON-LODGE MENT

Never lodged? The ATO has no time limit to assess you.

→ Businesses that have never lodged an FBT return but employ staff and hold company vehicles are now being identified algorithmically. A nil lodgement is only valid after a genuine assessment — not an assumption. Where no return is ever lodged, the ATO’s review period is unlimited. One Melbourne case resulted in \$938,000 in tax, penalties and interest.

ACTION NOW

Lodge a return every year — even a nil one. It starts the standard amendment clock and shows you’ve done the work.

05 | EMPLOYEE CONTRIBUTIONS & RECORD-KEEPING

Journal entries after 31 March are too late.

- Employee after-tax contributions reduce FBT liability — but only if processed before year-end. Journal entries must be done before 31 March, the obligation must be genuine, and the arrangement documented. Also watch the FBT return labels: contributions go at 6I (companies) or 46T (trusts).
- Wrong label = ATO data mismatch = review.

ACTION NOW

Process all contribution journals before 31 March. Check that declarations, logbooks and supporting records are complete and filed.

ALSO ON YOUR RADAR: PAYDAY SUPER — 1 JULY 2026

From 1 July 2026 super must be paid within 7 business days of each payday — not quarterly. Now is the time to review payroll systems, cash flow and processes. ATO PCG 2026/1 sets out the transition approach.

Is Your Business FBT-Ready?

The ATO is watching. Don’t get caught out. Book a complimentary 30-minute call with John Pulella, Director at Banyan Consulting, to review your FBT position before the year-end.

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