

## Medical Expenses - Fringe Benefits Tax



**An employer's Fringe Benefits Tax (FBT) headache. We have compiled some information to help minimise the length and severity of business tax ailments.**

### Medical costs for your employees

We all understand that sickness and injury have a huge impact on your business productivity and costs the Australian economy Billions of dollars every year, but what can you do to try and reduce this impact on your business?

Are medical costs incurred for your employees subject to fringe benefits tax? This summary will hopefully give you a guidance as to what the true cost of illness and injury is to your business.

### Fringe Benefits Tax

Under the Fringe Benefits Tax legislation (FBTAA 1986), there are a number of medical costs that are exempt from FBT. These exemptions are broken down into 3 main categories, and everything not falling into these categories will be subject to FBT.

### Work related Trauma

For any injuries or illness related to an employee's employment, for which the employee is entitled to receive compensation under a worker's compensation law, the costs associated with this will be exempt from FBT. These costs can be items such as:

- Hospital or medical costs
- Ambulance cost
- Travel and accommodation costs.

### In-house health care facilities

Any form of care relating to a person's health, with examples such as:

- first aid
- health counselling
- physiotherapy

provided within a clinic or other medical facility operated principally to provide care for work related injuries of employees, will be exempt from FBT when the clinic is on your business premises, or the premises of a related company.

Any incidental treatment, for non-work related injuries or illnesses will also be exempt from FBT for your employees and their families.

### Occupational Health

There are several different areas of occupational health or counselling benefits that qualify as being exempt from FBT:

#### *Work Related Medical Examinations*

These are examination or tests carried out by a legally qualified medical practitioner, nurse, dentist, optometrist, or audiometrist to ascertain the condition of the employee for any of the following:

- Commencement of employment of the employee
- Confirmation of probationary employment of the employee
- Changes in the duties or location of the employment of the employee
- The employee becoming a member of a superannuation fund.

#### *Work Related Medical Screening*

These are examination or tests carried out by a legally qualified medical practitioner, nurse, dentist, optometrist, or audiometrist to determine if the employee has suffered, is suffering, or at risk of suffering from work related trauma. This exemption only applies where the screening is made available to all

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other employees of the employer who:

- Are likely to have suffered, be suffering, or at risk of suffering from similar work related trauma;
- Perform the duties of their employment at or near the place where the employee performs the duties of their employment; and
- Have duties of their employment similar to those of the employee.

## **Work Related Preventative Health Care**

This is any form of care carried out by a legally qualified medical practitioner, nurse, dentist, or optometrist to prevent the employee from suffering from any work related trauma. This exemption only applies where the care is made available to all other employees of the employer who:

- Are likely to be at risk of suffering from similar work related trauma;
- Perform the duties of their employment at or near the place where the employee performs the duties of their employment; and
- Have duties of their employment similar to those of the employee.

## **Work Related Counselling**

This is counselling for any individual employee, or group of employees – by means of a seminar, that relates to the following:

- Safe Work Practices;
- Health / Fitness;
- Stress Management;
- Drug or Alcohol abuse;
- Personal Relationships;
- Retirement Problems;

The counselling must be provided to improve or maintain the efficiency of employees – and not just as a form of remuneration. If the counselling is provided to an associate of an employee, the employee must accompany the associate.

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Contact us today.



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