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## **FBT EXEMPTIONS**

The Government will tighten the current FBT exemption for certain work-related items (including laptop computers, personal digital assistants and tools of trade) by ensuring the exemption only applies where these items are used primarily for work purposes. The FBT exemption will generally be limited to one item of each type per employee per year. This will apply to items purchased after 7.30 pm (AEST) on 13 May 2008. The measure reduces the FBT concession and tax expenditure for work related items and will ensure consistency with the rules applying to mobile phones, computer software, and protective clothing.

The Government will also deny employees depreciation deductions for FBT exempt items (that is, items purchased primarily for work purposes) purchased from 7.30 pm (AEST) on 13 May 2008. For items purchased before that time, employees will be denied depreciation deductions for the 2008-09 and later income years. This measure will ensure that employees are no longer able to gain a double benefit by obtaining an FBT exempt item (such as a laptop computer) from their pre-tax income, and then claim a deduction for depreciation.

We have provided general information for guidance only in this newsletter. For business and personal taxation planning, or other professional advice having regard to your circumstances, please come and see either Charles or Matthew.