


TD 93/D243 - Fringe benefits tax: what is an acceptable method for determining the 'notional value' of a property fringe benefit for the purpose of sections 42 and 43 of the Fringe Benefits Tax Assessment Act 1986 ?

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This document has been finalised by [TD 93/231](#).

Draft Taxation Determinations (TDs) represent the preliminary, though considered, views of the ATO. Draft TDs may not be relied on; only final TDs are authoritative statements of the ATO.

Draft Taxation Determination

Fringe benefits tax: what is an acceptable method for determining the 'notional value' of a property fringe benefit for the purpose of sections 42 and 43 of the *Fringe Benefits Tax Assessment Act 1986*?

1. 'Notional value' is defined in subsection 136(1) as the amount that a person could reasonably be expected to have been required to pay to obtain the property under an arm's length transaction.
2. To ascertain the 'notional value' of a property fringe benefit the employer must determine the amount the employee would have to pay for a comparable (on the basis of age, type and condition) benefit under an arm's length transaction.
3. This Office will accept a number of ways of obtaining the notional value including:
 - the price of comparable goods advertised in local newspapers and/or relevant magazines or similar publications;
 - the price paid for comparable goods at a public auction; or
 - the price of comparable goods at a second-hand store.
4. The lowest value obtained using any of these methods will be acceptable.
5. Valuation methods which are not acceptable to this Office include the lease residual value, the tax written down value or the 'best offer' made by an employee.
6. Subsection 132(1) requires an employer to keep records that identify and explain all transactions and acts relevant for the purpose of ascertaining an employer's fringe benefits tax liability. To satisfy this requirement, an employer should maintain records of how the value of a property fringe benefit in these circumstances is arrived at. Supporting information such as newspaper advertisements and auction notices should be retained for this purpose.

Example:

An employer allows one of her employees to have possession of an old office computer that is no longer used. A comparable computer was advertised in the local newspaper for \$700. These computers were also recently sold at a second-hand computer show for \$500. The notional value to the employer will be accepted as \$500.

FOI INDEX DETAIL: Reference No.

Related Determinations:

Related Rulings:

Subject Ref: computers; notional value

Legislative Ref: FBTAA 42, 43, 136(1)

Case Ref:

ATO Ref: FBT Cell 30/62

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