

5 May 2025

Fringe benefit tax review
C/- Deputy Commissioner, Policy
Inland Revenue Department
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Email: policy.webmaster@ird.govt.nz

Dear Sir/Madam

Re: Fringe Benefit Tax – Options for Change

1. Introduction

I am writing to you regarding the consultation document entitled *Fringe Benefit Tax – Options for Change* (referred to as 'the Issues Paper').

The business community recognises the importance of ensuring that FBT regulations remain fit for purpose, administratively practical, and fair for all stakeholders. However, it is essential that any reforms strike the right balance between compliance requirements and real-world business operations.

The push for change has come from many areas, including ongoing concerns from the broad business community in relation to the overly complex system FBT has become in New Zealand. The Issues Paper outlines the work and recommendations of the FBT Regulatory Stewardship Review which, *"recommended commissioning a policy project at the upper end of the spectrum. This would involve re-establishing the remuneration basis of the tax, modernising and simplifying FBT and reducing compliance costs."*

Also, BusinessNZ has recently outlined the problems associated with FBT, particularly from a small business perspective as part of a wider review into compliance burdens

for SMEs.¹ Feedback from our SME members made it clear that they continue to struggle with the complexity and administrative burden of FBT, particularly for low-value items like gift vouchers, which discourages employee rewards and increases costs. To address this, our report recommended that IRD should conduct a comprehensive review of FBT policy to provide clearer, more streamlined guidance, making it easier for businesses to comply while still offering non-cash benefits to employees.

While the Issues Paper covers a number of areas in relation to FBT policy changes, it is not the full review that we would like to see. A number of BusinessNZ members have increasingly called for a wide-ranging review of FBT so that its policies reflect modern workplace practices and the evolving employer-employee relationship to ensure fairness, relevance, and effective compliance. However, the current review is a start. When examining potential tax policy changes, we encourage policymakers to adopt a balanced approach that ensures FBT remains effective without imposing unnecessary burdens on businesses. A solution that embraces the principle of reasonable compliance, where minor discrepancies do not result in disproportionate penalties, will contribute to a tax framework that is both efficient and practical.

2. Background

The proposed changes in the Issues Paper to the FBT regime aim to reduce compliance costs for businesses while maintaining the original policy intent of equalising tax treatment between cash and non-cash benefits. By simplifying the rules, the Issues Paper takes the view that businesses can expect a reduction in the administrative burden associated with FBT, particularly in areas identified as having excessive compliance costs, such as motor vehicles and unclassified benefits.

In addition, the Issues Paper acknowledges that some taxpayers may see slight variations in the tax they pay, but the trade-off comes in the form of significant time and resource savings. Furthermore, the adoption of a "close enough is good enough" approach seeks to minimise the need for precise calculations, such as detailed logbook tracking, which has historically been a major source of compliance frustration for many businesses.

From a business perspective, BusinessNZ believes these proposals represent a positive step toward a more practical and efficient FBT system. The reduction in compliance costs for FBT associated with motor vehicles should allow businesses to focus more on core activities rather than intricate tax obligations, fostering economic growth and productivity. Additionally, the proposed simplifications to entertainment expense deductions will further alleviate tax complexities. Therefore, business feedback will be essential in refining these changes to strike the right balance between simplification and fairness while ensuring that businesses can benefit from streamlined compliance processes.

¹ <https://businessnz.org.nz/wp-content/uploads/2024/12/BusinessNZ-Reducing-Compliance-Burden-on-New-Zealand-Small-Businesses-Report.pdf>

BusinessNZ wishes to concentrate its remarks on the following areas, which have the greatest overall impact on businesses.

3. Connection with remuneration

Overall, BusinessNZ broadly supports an FBT regime that better aligns with the remuneration aspect of providing fringe benefits. We agree that the current system, particularly regarding motor vehicles, has lost its connection to remuneration, leading to disparities in taxation. Under the current system, vehicles with significant private use are likely undertaxed, while those primarily used for business purposes may be overtaxed. A remuneration-based approach would discount the taxable value of a vehicle based on usage restrictions, offering a fairer reflection of the benefit provided. We agree with the comments expressed in the Issues Paper that reconnecting FBT with remuneration would create a fairer and more accurate tax system, thus ensuring that the taxation of fringe benefits more closely reflects the financial value received by employees.

Use of external resources

BusinessNZ is open to the option of IRD setting the calculation of the value of a motor vehicle by reference to external information every so often. As the Issues Paper points out, this would help align FBT with the equivalent remuneration reduction and accounts for limited availability.

Given The New Zealand Automobile Association (AA) already provides a calculation for the cost of running vehicles, including assisting in setting the IRD mileage rates, we believe further use of AA data to provide a more accurate base to calculate the FBT benefit would be advantageous. Also, to minimise compliance and administration costs, we believe the rates should not be set annually, but rather say every four years.

Recommendation: IRD looks to use data collated by external parties and set rates around every four years to minimise administrative costs for businesses.

4. Motor vehicles – options for change

BusinessNZ is pleased to provide feedback on the proposed changes to FBT on motor vehicles as outlined in the Issues Paper.

One key concern by the business community is the need for a pragmatic approach to FBT calculations, particularly in relation to motor vehicles. The principle of 'close enough is good enough' should guide policy settings to avoid excessive administrative burdens that disproportionately impact businesses with limited resources. Many businesses already struggle with the complexity of FBT compliance, so introducing overly rigid or technically intricate measures could lead to unintended consequences, such as discouraging the provision of work vehicles or increasing compliance costs without significant revenue gains. A practical approach that allows for reasonable

approximations, rather than requiring pinpoint accuracy in every case, would better align with the realities of business operations.

The Issues Paper outlines several potential solutions to the current challenges with FBT on motor vehicles, which we would like to comment on. However, our overall goal is a solution that prioritises administrative simplicity while maintaining fairness in tax obligations. Businesses require certainty and ease of compliance, rather than complex reporting obligations that divert resources away from productive activities.

While chapter seven outlines a number of issues in relation to motor vehicles and FBT, BusinessNZ wishes to provide comments on a few issues raised, particularly those related to easing compliance and administrative burdens on business.

Remuneration approach to motor vehicles

BusinessNZ strongly supports the Government’s intent to realign the FBT regime for motor vehicles with the actual remuneration value of the benefit received. We agree that the current focus on ‘availability’ rather than ‘permitted use’ has resulted in a system that can overstate the value of the benefit, particularly where private use is limited or incidental. By shifting toward a simplified model that reflects the practical realities of vehicle use, especially one that follows the ‘close enough is good enough principle’, we believe that businesses will be better able to comply without disproportionate administrative burden or risk of overtaxation.

Table 4 in the Issues Paper outlines a preferred option for dealing with motor vehicles, which is copied below. As outlined above, BusinessNZ supports the steps taken by IRD to provide more certainty and clarity around the FBT treatment of motor vehicles. Of all the areas of FBT, those associated with motor vehicles has remained the most constant and pronounced compliance cost issue for the business community. Providing clearer policy pathways that ensures easier to understand compliance, combined with the view of ‘close enough is good enough’ is a move that BusinessNZ endorses.

Table 4: Preferred categories of vehicle use

Category	Limitations on use	Rate ⁴⁰
1	Vehicles predominantly available for employee’s unrestricted private use (i.e., perk vehicles). The provision of the vehicle is generally reflected in the employee’s remuneration package.	100%
2	Vehicles predominantly for business use, with restricted private use (i.e., tool of trade). The employee may use the vehicle for travel to and from work (work generally being the same workplace), but not at other times. Generally, the vehicle will be allocated to a single employee (although other employees may use the vehicle during business hours).	35%
3	Vehicles solely for business use with no personal usage other than for commuting to and from work (multiple workplaces/worksites) with no personal usage (other than incidental use).	0%

⁴⁰ The rate is the percentage of the fringe benefit taxable value that FBT will be payable on.

At first glance, we believe the introduction of a small number of clear usage categories provides a balanced solution that reduces compliance costs while still capturing the intent of the FBT regime. For many businesses, such a framework would allow employers to classify vehicle use more reasonably, removing the need to track availability day by day and offering greater certainty in liability.

However, as paragraph 8.28 of the Issues Paper rightly points out, while categories 1 and 3 should be easy to classify, the vehicles in the middle may be more difficult. To rectify that we believe that introducing a fourth, middle-ground category for classifying motor vehicle use under the proposed FBT framework would provide a more nuanced and practical approach, especially for vehicles that do not neatly fall into existing 'perk use' or 'business-only' categories. This additional category would capture vehicles that are primarily for business use but would allow for limited private use beyond incidental travel. Including this intermediate option would help accommodate a broader range of real-world business vehicle arrangements - such as occasional private trips or restricted home-to-work travel - without distorting the intent of the FBT regime. It would also support the principle of fairness by ensuring employers are not overtaxed on low-value, non-remunerative usage.

Rates for vehicle use categories

Like the 'limitations on use' details provided, BusinessNZ believes that the rate of 100% for Category 1 and 0% for Category 3 make sense and should proceed. However, there may be two areas where the rating framework could be modified to better reflect common undertakings by businesses.

First, there may be a need to alter the 35% rate for Category 2. From our perspective, there seems to be little difference between Categories 2 and 3. The only major difference being that Category 3 sees an employee using the vehicle for home to work travel, with the workplace at times varying depending on where the worker is required. In comparison, Category 2 factors in a workplace that is generally the same workplace. BusinessNZ accepts the fringe benefit element to the employee regarding the use of the work vehicle for travel to and from work that is usually the same workplace. However, the leap from 0% to 35% that for all intents and purposes represents a difference of destination does seem excessive. While BusinessNZ has no strong view on what a revised rate should be, a starting point would be 25%, so essentially 5% per workday.

Recommendation: If three categories remain, the rating for Category 2 is lowered to better reflect the smaller difference in factors between Categories 2 and 3.

Second, a number of members have informed us that a number of their staff that have work vehicles often have a "5 + 2" agreement, whereby the vehicle is used solely for work purposes during weekdays, but they have unrestricted use of the vehicle during the weekend. These arrangements have typically applied in scenarios where a vehicle has qualified for the daily "work related vehicle" definition, and accordingly FBT typically has been paid for 2 or 3 days each week (depending on approach taken).

This type of use does not fit within any of the three categories proposed, given it still retains restrictions around private use during weekdays for Category 1, but goes beyond private use limitations in Category 2.

We believe there is scope for IRD to include a fourth category that takes this type of use into account and may arrive at the rate of 35% if the rate of Category 2 is revised downwards as suggested above. From our perspective, a 35% rate seems appropriate to reflect that there is private use available for 2.5/7th of the week (or 35% of the time, assuming private use is available on a Friday evening and weekends) and during the rest of the week the vehicle might have been able to be classified as a Category 3 vehicle. Having this fourth category will allow employers the option to maintain FBT costs at an equivalent level to the current rules. Furthermore, it gives them the time to consider possible changes to motor vehicle fleet use (through contractual arrangements with staff / staff turnover) to ensure vehicle use vs FBT categories are optimised.

Recommendation: IRD takes into account a vehicle that is used solely for work purposes during weekdays with the employee having unrestricted use of the vehicle during the weekend.

Last, an alternative option IRD may consider is that Category 2 is revised so that an employee has unrestricted use of the vehicle during the weekend. If this were the case, BusinessNZ would be more accepting of a rate of 35% for Category 2.

Recommendation: IRD considers changing Category 2 so that employees have unrestricted use of the vehicle during the weekend.

Incidental use

We note that Category 3 includes 'incidental use,' which is described more fully in chapter 8. From BusinessNZ's perspective, we strongly support the inclusion of this as a recognised exclusion from FBT obligations in the context of motor vehicles. Employers often allow employees to use vehicles on a short-term, ad hoc basis in exceptional or compassionate circumstances, including moving house or dealing with a personal emergency. These one-off instances are not considered part of an employee's remuneration package, nor are they expected or relied upon as a benefit. Requiring employers to track and account for FBT in such cases would be disproportionate, overly burdensome, and inconsistent with the intent of FBT as a tax on ongoing, remunerative benefits.

We believe that acknowledging such instances and dismissing them from inclusion rightly embraces the principle of 'close enough is good enough' mentioned above, recognising that incidental, non-remunerative use should not trigger tax liability. This flexibility ensures that employers can respond in good faith to unforeseen employee needs without being penalised, and it supports a practical, proportionate, and fair FBT framework.

Recommendation: The concept of 'incidental use' remains in the revised motor vehicle categories.

Future guidance by IRD

Paragraph 8.28 of the Issues Paper outlines the fact that while Category 1 and 3 should be easy to classify, the vehicles that sit in the middle category may be more difficult. BusinessNZ agrees.

Therefore, we believe that to ensure consistent and confident application of the vehicle categories, IRD should, in time, develop clear, practical guidance (for example a flow chart or online decision tree) supported by a wide range of real-life examples. This guidance would reduce uncertainty for taxpayers and support the 'close enough is good enough' principle by offering illustrative scenarios across industries and business sizes. By demonstrating how different usage patterns align with each category, including the proposed fourth category outlined above, IRD can provide clarity and help businesses make reasonable and defensible classification decisions.

Such resources would be especially valuable for smaller businesses, where informal arrangements and limited administrative oversight can complicate compliance. Comprehensive guidance would also reinforce taxpayer trust and simplify audits by establishing common benchmarks for classification.

IRD may also want to consider making motor vehicle use agreement templates available for employers to ensure there is a meeting of minds between the employee, employer and Inland Revenue about how the vehicle can be used (particularly for category 2 and 3 vehicles) and ensure the business.govt.nz "[employment agreement builder](#)" reflects updated motor vehicle rules.

Recommendation: IRD should, in time, develop clear, practical guidance supported by a wide range of real-life examples for the revised motor vehicle categories.

Exempt vehicles

Last, BusinessNZ believes that exempting emergency service vehicles from FBT is a practical step that reflects their unique use. Such vehicles, used by ambulance, police, and firefighting services, are typically not available for private use, making FBT application unnecessary. A clear exemption would ease compliance for essential service providers without undermining the FBT system.

This stance also aligns with international practice, such as in Australia, where visibly marked emergency vehicles with warning devices are excluded. Overall, we believe a targeted exemption in New Zealand of this nature would reduce compliance costs and ensure tax rules match operational realities.

Recommendation: That IRD exempt emergency services vehicles from FBT.

Shareholder-employees

We note that paragraph 8.52 suggests a value of \$80,000 when considering a maximum value for a vehicle that is used by a major shareholder-employee of a close company when Categories 2 and 3 can apply. BusinessNZ agrees that we would not want shareholder-employees to purchase vehicles that are considered 'luxury' for a business and claim that one of the lower FBT categories applies. However, we would also want to see the \$80,000 value inflation-adjusted over time so that it remains relevant and accurate when determining the line between standard and luxury vehicles.

Recommendation: The \$80,000 limit before a vehicle is considered a luxury car is inflation-adjusted over time.

5. Unclassified benefits

From BusinessNZ's perspective, we support the Government's intent to simplify the treatment of unclassified fringe benefits under the FBT regime. We take the same view that the current rules impose significant compliance costs by requiring employers to account for low-value, non-remunerative items such as bereavement flowers or small staff gifts. We have never considered these incidental benefits as part of regular compensation and tracking them adds unnecessary administrative burden, especially for larger employers.

Therefore, we welcome the effort to better align FBT with actual remuneration by focusing on higher-value, regularly provided benefits. Excluding minor, irregular perks from FBT would reduce compliance costs and bring greater clarity to the system. With clear thresholds and guidance, these changes would make the regime more practical and fair for businesses.

We note that the Issues Paper outlines two options to simplify unclassified benefit rules and better link them to remuneration, namely a remuneration test with a per-benefit cap, or a list of non-remunerative benefits. Also, a separate test would also apply specifically to points-based reward schemes.

Under option 1, a benefit provided to an employee would be exempt if:

- It is not provided in substitution for remuneration, and
- The taxable value is less than \$200.

Overall, BusinessNZ supports the introduction of a remuneration test with a cap per benefit as a fair and practical approach to determining FBT liability. We take the view that this test appropriately focuses on whether a benefit is truly part of an employee's compensation package, using indicators such as entitlement, frequency, and how the benefit is promoted.

BusinessNZ also welcomes the recognition that not all three factors need to be met, allowing for flexibility in interpretation based on the facts of each case. While we acknowledge there may be some compliance costs in applying these criteria, we believe these will be offset by the clarity the framework provides, particularly if supported by detailed guidance from IRD as discussed above and as outlined in table 6 in the Issues Paper. By drawing from the Australian model while tailoring it to a New Zealand context, we believe this approach would likely strike a balance between fairness, simplicity, and administrative efficiency. It offers a more targeted and proportionate way to manage FBT on unclassified benefits, which will be appreciated by businesses striving to comply with their obligations while managing practical realities.

In terms of the appropriateness of the \$200 value of the cap, BusinessNZ would view this amount as a minimum value, especially if inflationary pressures persist in the coming years. If other submitters outline justifiable reasons for this to be higher, to say \$250-300, we encourage IRD to take this into consideration so as to minimise having to reset the value in the near to medium term.

As the Issues Paper outlines, option 2 would involve *"a list ... introduced through secondary legislation to exclude certain non-remunerative benefits and provide certainty about their treatment."*

While we welcome efforts to reduce FBT compliance costs through option 2, relying solely on a fixed list of exempt non-remunerative benefits raises concerns. Although it provides clarity for certain items, a prescriptive list may quickly become outdated and lacks the flexibility needed to reflect the diversity of business practices. It may also result in unintended consequences such as a preference for providing employees flowers rather than something more tailored to their interests. In addition, frequent updates through secondary legislation may still cause uncertainty and administrative delays for businesses.

Additionally, retaining the per-employee and per-employer caps for non-listed benefits means employers must still track a broad range of items, limiting the list's effectiveness in reducing compliance. The de minimis rule cap of \$22,500 will remain under this option. Our preference is that this be removed and the \$300 per quarter per employee cap remain in order to open this exemption up for larger employers who have always been excluded from accessing the exemption.

Therefore, BusinessNZ believes option 1 provides the best option.

Recommendation: Taking into account the points raised above, option 1 proceeds regarding simplifying unclassified benefit rules.

6. FBT on entertainment expenses

Overall, BusinessNZ supports the proposal to integrate entertainment with the FBT regime, which we believe will help simplify the current fragmented approach. Integrating entertainment expenses into the FBT system would reduce the need to

distinguish between overlapping rules and address the ambiguity that currently arises when similar benefits are treated differently depending on form (e.g. a meal vs. a voucher). Ultimately, we believe this should create a more coherent and administratively efficient system.

As outlined in the Issues Paper, the current entertainment rules impose high compliance costs, particularly for medium and large businesses that must manually track attendees, separate entertainment types, and reconcile income tax and GST impacts. Removing the deduction limitation and replacing it with FBT treatment should streamline processes by eliminating the need for these adjustments. There may be an increase in FBT liability, particularly for some events currently subject to only partial deductibility. However, we believe that most businesses are likely to accept this trade-off given the overall reduction in compliance burden.

However, this is not to say some concerns still exist, particularly regarding the potential for increased tax costs and the treatment of entertainment provided to non-employees, as well as smaller businesses. While the proposal to deem non-employees as employees for the purpose of FBT is a pragmatic solution, care should be taken to ensure that the resulting tax burden is fair and proportional. As we have discussed above, transition support and detailed guidance will be essential to help businesses, especially smaller ones, adjust to the new regime. We would also support efforts to simplify FBT reporting for businesses that do not currently file FBT returns, which is discussed in more detail in the next section.

BusinessNZ supports removing many of the current exemptions, particularly where new de minimis thresholds or narrowed definitions would cover common business practices. However, we also recommend retaining or modifying specific exemptions that are outlined in paragraph 10.30 of the issues Paper, including those related to promotional events, businesses that provide entertainment as part of their core operations, charitable activities, and entertainment provided outside New Zealand. These categories reflect legitimate commercial or public-good functions and should not be inadvertently penalised under any new rules.

Recommendation: That entertainment expenditure is brought in under the FBT regime.

Options for change

Of the two options proposed in relation to the treatment of entertainment under the FBT rules, BusinessNZ sees advantages with both. Option 1, which could see a new unclassified benefit of \$200 rule, would ensure consistency with the proposed changes above. Option 2, which seeks to exempt food and beverage expenditure unless incurred at a party, social event, or celebration, would likely avoid having to count attendees or track per-event spending thresholds. It also better reflects the intent of the rules by targeting events where a clear private benefit arises, while allowing routine hospitality and client interaction to be excluded when they are part of standard business activity.

Therefore, on balance, BusinessNZ supports option 2, although we would want to see clear guidance from IRD in the form of examples/scenarios around what would be considered parties etc.

Recommendation: Option 2 proceeds in relation to the treatment of entertainment under the FBT rules, although IRD undertakes clear guidance for scenarios relating to what are considered parties, special events or celebrations.

7. Data, filing and integrity

Data requirements

While BusinessNZ is generally supportive of the proposed changes outlined in the Issues Paper, we are still very cognisant of what this will all mean in practice from a compliance costs perspective for businesses, both small and large. Therefore, the level of concerns about the proposed new data requirements for FBT will likely hinge on how compliance costs are minimised and whether there is an overall net benefit for most businesses.

Although we appreciate that improving IRD's oversight and analytical capabilities is a valid goal, many businesses, particularly small businesses, currently file only basic FBT information and do not use specialised software. Requiring detailed breakdowns of benefits into multiple categories and subcategories could mean more time spent gathering and categorising data, increasing administrative costs and the risk of errors. If data is only required in relation to overall benefits provided by category, that would be more manageable, and potentially of benefit to employers who wish to signal to IRD that FBT is being paid on motor vehicles (particularly if there is some future campaign for the public to "dob in employer branded cars seen at boat ramps").

As discussed in the Issues Paper, concerns exist relating to the manual and fragmented nature of current FBT filing. While the proposal to allow direct filing from FBT software via gateway services is a welcome step toward efficiency, it may not address the immediate reality that most businesses still file manually or via myIR uploads. If the requirement by IRD to provide more granular data is introduced before such electronic filing options are widespread and user-friendly, many businesses may struggle to comply effectively. They may also be hesitant to invest in new software solutions without clear guidance or assurance that these systems will be compatible with IRD's requirements.

Furthermore, BusinessNZ is also uneasy around the possible scope of the proposed information requirements, particularly the additional granularity sought for aspects of FBT. Some businesses, particularly smaller entities, may be concerned that the costs of transitioning to the new system, both in terms of staff time and potential software investment, will outweigh the benefits. The likelihood of this occurring could increase if IRD does not provide adequate support or transition time.

Finally, while the proposal to encourage (but not mandate) electronic filing through software could reduce compliance costs in the long run, businesses may be sceptical about how quickly and effectively the supporting infrastructure will be implemented. Without clear timelines, training, and support resources, there is a risk that these changes could add confusion rather than clarity. To mitigate these concerns, we would urge IRD to work closely with software providers, offer a phased rollout, and ensure ample communication and support throughout the transition.

Recommendation: IRD works closely with software providers, offers a phased rollout, and ensures ample communication and support throughout the transition to increased data requirements.

Filing FBT returns and payment

Overall, BusinessNZ sees value in the proposal to allow employers to file their first three quarters of FBT based on 25% of the prior year's liability. This approach would significantly reduce compliance costs and simplify administration for many businesses, particularly small businesses with stable staffing levels and consistent benefit offerings. It would remove the need for detailed quarterly calculations and reliance on placeholder rates, while making it easier for businesses to budget for FBT obligations throughout the year. The elective nature of the proposal is especially welcomed, as it provides flexibility for businesses to choose the method that best fits their circumstances.

Although we broadly support this option, the inherent optional nature of it means it may not suit all employers. For businesses with fluctuating employee numbers or significant year-on-year changes in fringe benefits, using a prior-year estimate could result in underpayments or overpayments, causing cashflow challenges or large adjustments in the final quarter. This could be particularly problematic for seasonal businesses or organisations undergoing growth or restructuring. To address these concerns, we would like to see IRD offer clear guidance and an easy opt-out process should a business's situation change during the year.

Integrity issues

On balance, BusinessNZ supports the proposed declaration in the income tax return regarding FBT, as it aligns with principles of transparency and fair compliance. Most responsible businesses already seek to meet their FBT obligations where required, and the declaration could help level the playing field by discouraging non-compliance among others who may currently be avoiding their responsibilities.

However, by introducing this step there may be a need for clearer guidance and education to ensure taxpayers understand when an FBT return is required in respect of motor vehicle deductions. Many small businesses, in particular, may not be fully aware of the FBT rules, may misinterpret the requirements or may be applying an available option to opt shareholder-employee vehicles out of the FBT regime and to only claim deductions for actual business use. To avoid unintentional errors or anxiety about making declarations, BusinessNZ would want to see IRD ensuring taxpayers are

well-supported with simple tools, examples, and clear messaging around the obligations that trigger the need to file FBT.

Recommendation: The declaration in the income tax return of the taxpayer in relation to FBT on motor vehicles proceeds.

Timing of proposed changes to take effect

As we have alluded to above, BusinessNZ supports clear, well-communicated tax policy, particularly when it comes to significant changes such as those proposed to the FBT regime. If the majority of the proposed changes proceed, implementing these reforms will require businesses to review and potentially revise payroll systems, internal policies, employee benefit structures, and reporting processes. Given many businesses rely on third-party software or external providers to manage FBT obligations, it is important that adequate time is given for system updates, staff training, and process adjustments.

Recommendation: FBT changes allows for a well-considered implementation date that allows ample time for clear communication and thorough education, ensuring businesses can confidently and effectively comply with the new rules from day one.

Thank you for the opportunity to submit, and we look forward to any updates in the near future.

Yours sincerely,



Katherine Rich
Chief Executive
BusinessNZ