



Redundancy offers follow FBT change

Susanne Reilly

EASIFLEET general manager Scott Iriks says the car-leasing firm's decision to offer redundancies was because all new business had stopped as a "direct result" of the Federal Government's fringe benefit tax announcement.

Last week, Easifleet, based in Victoria Park, offered employees redundancy or asked them to use their leave entitlements due to the company having no new sales income.

"We were prepared to have the costs if the Government announced an election, and while we had no sales income we were happy to pay staff," Mr Iriks said.

However, he said, the cost had begun to weigh on the company and they had to offer redundancies.

"The majority decided to use their leave entitlements," Mr Iriks said.

He said that as result of the proposed changes to the tax, leasing a car to employees would become less beneficial.

Swan MHR Steve Irons recently met with representatives of major car-leasing companies to assess the situation.

He said the Government had underestimated the effect of the changes across Australia and at a local level.

"The industry has said that the expected fallout will affect considerably more than the 320,000 people Labor initially estimated."

Senator Mark Bishop said claims the FBT changes would cause massive damage to industry were "alarmist and irresponsible".

"This reform will not affect the more than 3.6 million workers – including employees, the self-employed and sole traders – claiming deductions for work-related travel," he said.

CARBON TAX LINK

The Federal Government is terminating the carbon tax and moving to a floating price a year earlier.

To do this, it says, it decided to tighten the requirements around tax benefits associated with salary packaging a car under the rules for the fringe benefits tax.

Legitimate business use of a car can still be salary packaged and there are no changes to other items that can be salary-packaged such as taxis, panel vans and utes, as well as laptops and benefits for not-for-profit workers.

In short, if you're claiming a legitimate tax concession because you are using your car for business purposes, you provide a small amount of evidence to that effect.