EZIWAY SALARY PACKAGING

What is a Company Provided Vehicle (CPV)?

A company-provided vehicle (CPV) is deemed by the ATO to be a non-cash benefit to the driver and as such, attracts FBT for its private usage component. For this reason, CPVs will likely impact a person's salary packaging arrangement. Eziway will work with you to ensure you do not incur an FBT liability.

What is a Company Provided Vehicle (CPV)?

Your employer may provide you with a car if you are required to travel regularly as part of your job. What you must consider as a driver of a CPV is that the private use component of running the vehicle is taxable under FBT legislation. Private use is where you have possession of the keys and includes driving the vehicle to and from home each day and garaging the vehicle anywhere other than at a worksite.

How 'personal use' is calculated

Most employers calculate personal use on a CPV at 20% of the FBT value of a vehicle. That is 20% of the total cost of the vehicle minus onroad costs. This statutory rate is the simplest ATO-approved method.

Where Eziway helps

As your employer's salary packaging provider, Eziway manages the FBT component of your workplace benefits. We ensure that you never exceed your annual cap of $15,900 for PBIs, or $9,010 for public hospitals, or incur an FBT liability at the end of the tax year.

If you are given a CPV as part of your remuneration, and you are participating in your employer's salary packaging program, you must inform Eziway of the provision

The impact of a CPV

Jim works for a charitable organisation and has been given a CPV to assist in his duties. He packages to the cap each FBT year being $15,900 net, or $30,000 gross.

Jim's employer calculates the personal use of his CPV as 20% of the FBT value of the vehicle which is $20,000.

FBT Calculation (net):

- $20,000 x 20% = $4,000 FBT

  Calculation (grossed-up):
- $4,000 x 2.0802 =
- $8,320.80 grossed up

With the grossed-up FBT calculation done, Eziway subtracts this from Jim's grossed-up salary packaging cap to determine his new cap that accounts for his CPV.

- $30,000 – $8,320.80 = $21,679.20

- $21,679.20 ÷ 1.8868 = $11,489.93

In actual dollars, this leaves Jim with $11.489.93 ÷ 26 = $441.92 per fortnight available to salary package towards mortgage, rent, credit card, etc.