



FINANCIAL GOVERNANCE & SUSTAINABILITY

FBT Concessions: The Distinction Most Associations Get Wrong

Being a registered charity does not automatically mean full FBT exemption.
Confirm which you actually hold

A common assumption trips up otherwise well-governed associations: that being a registered not-for-profit or charity automatically means fringe benefits tax simply does not apply. It does not work that way, and the actual distinction the ATO draws, between organisations that are fully exempt and those that only receive a partial rebate, is one most boards have never checked precisely for their own organisation.

Which rules apply to your association?

The law depends on how your association is set up. A **company limited by guarantee** follows the Corporations Act 2001 (Cth) and its constitution. An **incorporated association** follows its state or territory associations Act and its rules. A **registered charity** also follows the ACNC Act and the ACNC Governance Standards, and some Corporations Act rules are replaced for charities that are companies. Check your own governing documents, and get advice before decisions with legal consequences.

In this resource

1. [Two Different Categories, Often Confused](#)
2. [Why This Matters Beyond The Tax Bill Itself](#)
3. [A Few Universal Concessions Worth Knowing Regardless Of Category](#)

Two Different Categories, Often Confused

The ATO recognises two meaningfully different levels of FBT concession for not-for-profit employers, and confusing which one your association actually qualifies for can lead to a real, unexpected tax bill. Fully FBT-exempt status, up to a capping threshold, is available specifically to public benevolent institutions and health promotion charities registered with the ACNC and endorsed by the ATO, along with public and not-for-profit hospitals and public ambulance services. For the 2026 FBT year, the exemption caps sit at \$30,000 of grossed-up benefits per employee for PBIs and health promotion charities, and \$17,000 for hospitals and ambulance services. Above that cap, FBT becomes payable on the excess. Most professional and industry associations are not registered charities at all, and an association that is a charity will rarely qualify as a public benevolent institution, since a PBI has a specifically narrow charitable purpose centred on relieving poverty, sickness, suffering, or distress. A charity that is not a PBI or health promotion charity is usually a rebatable employer if it is endorsed by the ATO, entitling it to a rebate of 47 percent of the gross FBT otherwise payable, not a full exemption, and subject to its own \$30,000 grossed-up capping threshold. Some non-charity associations can also be rebatable employers, such as certain income tax exempt employer associations or bodies established to develop primary or manufacturing industry, but many professional associations receive no FBT concession at all. Assuming your association has full FBT exemption when it actually only qualifies as a rebatable employer is precisely the kind of gap that surfaces at the worst possible time, during an ATO review, not during the routine planning where it could have been caught easily.

Why This Matters Beyond The Tax Bill Itself

This distinction affects practical decisions many associations make without checking the underlying tax status first. Salary packaging arrangements offered to staff, an attractive recruitment and retention tool

many associations use precisely because of the perceived FBT advantage, are only as valuable as the actual concession level available. An organisation planning packaging arrangements around an assumed full exemption, when it only qualifies for the 47 percent rebate, is offering staff a meaningfully smaller benefit than intended and may create an unexpected FBT liability once the more limited cap is reached. Salary-packaged meal entertainment and entertainment facility leasing benefits have a separate \$5,000 grossed-up allowance per employee.

A Few Universal Concessions Worth Knowing Regardless Of Category

Separate from the exempt versus rebatable distinction, a small number of FBT concessions apply to every employer regardless of not-for-profit status. Benefits valued under \$300, including GST, provided infrequently and irregularly, are generally exempt as minor benefits. Work-related portable electronic devices, such as a laptop, tablet or mobile phone, are generally exempt, limited to one item with substantially identical functions per employee per FBT year unless it replaces another. Employers with aggregated turnover under \$50 million can provide more than one. These are worth knowing precisely, since they apply on top of whichever exempt or rebatable status your association holds.

- Confirm which category your association holds, fully FBT-exempt, rebatable employer, or neither, rather than assuming registered charity status automatically confers full exemption. Check the tax concession entries on ABN Lookup and the charity subtype on the ACNC Register, and ask for the FBT return or written confirmation from your adviser.
- Check the correct capping threshold for your actual category, \$30,000 for PBIs, health promotion charities, and rebatable employers, \$17,000 for hospitals and ambulance services, before designing or promoting any salary packaging arrangement to staff.
- Review any existing salary packaging arrangements against the correct cap, since an arrangement designed around the wrong assumption can create a real, unbudgeted FBT liability once actual benefits exceed what the real concession allows.
- Treat GST treatment of grants, sponsorship, and membership fees as a separate area of tax complexity from FBT, deserving its own specific advice rather than being assumed to follow the same exemption logic.
- Revisit FBT status specifically if your association's charitable subtype or ACNC registration details ever change, since a shift in registered purpose can move an organisation between these categories without anyone necessarily noticing at the time.

FBT concessions exist to make not-for-profit employment more attractive, but only when the organisation actually understands which concession it holds. Getting the exempt versus rebatable distinction wrong is not a technicality. It is the difference between a real financial benefit for staff and an unbudgeted tax exposure for the organisation.

This is one of the practical governance topics built into our Board Director course, alongside the papers, tools and frameworks that turn the principle into your board's actual practice. [Explore the course](#)

Annie Gibbins

Founder and CEO, Nexus Leadership

BOARDROOM ACTION WORKSHEET

FBT Concessions: The Distinction Most Associations Get Wrong

Turn the resource into evidence, a decision and an accountable next step. Keep the completed record in your association's approved board records system.

1 What is the issue or decision?

State the governance question in one clear sentence.

2 What evidence do we already have?

Record the facts, source documents and stakeholder evidence available now.

3 What evidence is still needed?

Identify the legal, regulatory, financial, member or operational information still required.

4 What is the agreed next action?

Capture the owner, timeframe and how the matter will return to the board.

Action owner	Review date	Board decision or resolution

General education, not legal, financial, tax, clinical or governance advice. Confirm specifics at the relevant primary source or with your own qualified adviser. Nexus Leadership is operated by Lipstick Consulting Pty Ltd · ABN 15 619 120 482.

CONTINUE YOUR LEARNING

Turn governance principles into practical board action.

Self-paced courses, editable resources and practical support for association boards and CEOs at nexusleadership.com.au.