

3 February 2012

Ross Forrester – Director
Craig Seddon – Director

Manager
Philanthropy & Exemptions Unit
Personal and Retirement & Income Division
The Treasury
Langton Crescent
Parkes ACT 2600

Dear Sir

LAFHA Proposed budget changes

As an accounting practice based in Perth advising many privately held businesses we are in a position to gauge feedback on the new measures.

Our feedback from clients has indicated that:

- Existing employment arrangements with staff should be grandfathered. Several families have relocated to Australia based on a contract as it stands, and to remove the tax concession associated with a LAFHA will impose financial hardships on privately held businesses who have to incur the additional employment cost.
- Natural attrition of staff would ensure that LAFHA'S to 457 staff will phase out over time.
- To avoid abuse of the LAFHA provisions generally, a cap should be placed on the accommodation component – either as a fixed dollar sum or a percentage of a persons salary.
- Small business should be exempt from the new measures to give them a competitive advantage when employing staff. This should be done on a similar basis as small businesses enjoy from payroll tax to encourage growth for small businesses.

Yours sincerely



Ross Forrester
Director