

Manager  
Philanthropy & Exemptions Unit  
Personal and Retirement & Income Division  
The Treasury  
Langton Crescent  
PARKES ACT 2600  
Email: [FBT@treasury.gov.au](mailto:FBT@treasury.gov.au)

3 February 2012

Dear Sir

**Submission on the Consultation Paper – Fringe Benefits Tax Reform – Living-Away-From-Home Benefits released on 29 November 2011**

GHELLA PTY LTD welcomes the opportunity to make a submission in relation to the proposed reforms to the fringe benefits tax (FBT) treatment of Living Away From Home (LAFH) benefits as announced by the Government on 29 November 2011.

The proposed reforms are expected to have a significant impact on GHELLA PTY LTD's business and these impacts may not be the intended consequences of the proposed reforms.

GHELLA PTY LTD is in the business of civil construction and engineering, specialising in the building of tunnels, and currently provides LAFH benefits to its employees. The provision of LAFH benefits to these employees is important for the business as we need to attract employees with the specialised engineering and construction skills required for our business from overseas. This benefit allows us to offer a more attractive salary package.

The impacts on the business are:

- An increase of about 10% in our total payroll cost.
- We will be unable to continue competing with businesses offering offshore design and administration services.
- Reduced competitiveness when tendering for offshore work.
- Increased difficulty in attracting suitably skilled engineers from abroad.
- An increase in our tender price for any new work, resulting in increased costs to our customers.

We also believe that the stated aims of the proposed reforms could be achieved through:

- a cap on the proportion of an employees' gross pay which may be paid in the form of LAFH benefits and;
- continued LAFH allowances for employees who provide evidence of a residence maintained overseas.

These measures would have the dual effect of avoiding penalisation of employees who are genuinely LAFH while limiting the risk of any of the alleged "roting".

Should changes be implemented as a result of the proposed reforms, the Government should also consider introducing transitional rules for all affected taxpayers who, as at 29 November 2011, were LAFH, were claiming accommodation benefits under the LAFH provisions and who were in a fixed term lease. Where the fixed term for this lease ends after the proposed implementation date of the reforms of 30 June 2012, transitional rules should permit these taxpayers to continue to claim accommodation benefits under the LAFH provisions until the end of the fixed term lease. Without

such transitional rules there will be significant financial hardship for these taxpayers who made the decision to enter into the fixed term lease based on the taxation laws that existed at the time that the decision was made.

GHELLA PTY LTD would welcome the opportunity to discuss this submission with Treasury. Please contact André Grové on 07 3221 7590 with any queries in relation to the contents of this submission.

Yours sincerely

A handwritten signature in black ink, appearing to read 'André Grové', written in a cursive style.

André Grové

**Company Secretary**