

21 August 2015



General Manager  
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The Treasury  
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### **Limiting fringe benefits tax concessions on salary packaged entertainment benefits**

Dear Sir/Madam,

Cancer Council Western Australia (CCWA) welcomes the opportunity to make a submission on the exposure draft legislation on limiting fringe benefits tax concessions on salary packaged entertainment benefits.

CCWA is Western Australia's leading cancer charity employing some 190 staff relying heavily of the Government Fringe Benefits Tax concessions in our endeavours to attract and retain the highest quality of employee in an ever competitive market.

CCWA has historically not included the benefit of utilising Meal Entertainment expenses within our Salary Packaging arrangements when computing remuneration offers and as such incorporating Meal Entertainment expenses into a "Cap" system will have little discernible impact on our recruitment of staff.

CCWA do however consider the proposed solution contained in the recommendations as included in the "*Tax and Superannuation Laws Amendment (2015 Measures No. 4) Bill 2015: Limiting FBT concessions on salary packaged entertainment benefits*" (hereafter referred to as 'the Bill') to be unnecessarily complex.

The concept of the introduction of a separate additional cap for Meal Entertainment benefits adds a level of complexity and administration burden for CCWA that is not required and contradicts the principle of a "Simplified Tax System".

Whilst CCWA fully understands the logic of reviewing the uncapped nature of Meal Entertainment Benefits, it does consider that the proposed bill has deficiencies in that it introduces an unnecessarily complex administration burden on employers and restricts the right of choice of benefits for employees.

CCWA would consider that a more appropriate and equitable amendment would see the current cap increased to not only absorb an amount for Meal Entertainment, but also to adjust for the movement in average wages since 2001.



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The current cap was set in 2001, prior to which the industry self-regulated by generally imposing a restriction of 30% of salary allowed to be packaged.

When this cap was established the average adult wage was \$43,555pa yet despite a commitment by the then Treasurer Peter Costello to review the cap relative to "general salary movements" it has remained at the same level whilst the average wage has increased to \$77,100pa.

When the original cap was introduced a prospective employee on the average wage could be offered 35% of their salary as a packaged amount, yet in 2015 that has reduced to just over 20%. This is a much less attractive proposal which has resulted in increased costs for Charitable Institutions as they must offer competitive salaries in order to attract suitably qualified staff.

If the Government were to review the current cap (as previously promised) whilst also incorporating Meal Entertainment benefits within that cap, we believe this would not only achieve the purpose of the proposed bill but introduce it in a much simpler and equitable fashion.

As an example if the Government established a new cap at 30% of the Average Adult wage, it would return to the self-regulated position of 2000 yet also incorporate the additional Meal Entertainment benefits which are currently uncapped. This would result in a new Grossed Up cap of approximately \$43,000 which we consider would be more equitable and efficacious than the proposed two new separate caps of \$30,000 and \$5,000.

This overall approach would maintain a reasonable level of tax system support for employees in the not-for-profit sector and enable the attraction and retention of appropriately skilled and qualified staff to ensure effective outcomes to be delivered

Thank you for your consideration of our submission.

Yours sincerely,

A handwritten signature in black ink that reads "Susan Rooney". The signature is written in a cursive, flowing style.

**Susan Rooney**  
Chief Executive Officer  
Cancer Council Western Australia (inc).