

EXPOSURE DRAFT

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1

2 Inserts for

3 **Tax and Superannuation Laws**
4 **Amendment (2015 Measures No. 4) Bill**
5 **2015: Limiting FBT concessions on**
6 **salary packaged entertainment benefits**

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Commencement information

Column 1	Column 2	Column 3
Provisions	Commencement	Date/Details
1. Schedule #— Limiting FBT concessions on salary packaged entertainment benefits	The day this Act receives the Royal Assent.	

EXPOSURE DRAFT

1 **Schedule #—Limiting FBT concessions on**
2 **salary packaged entertainment**
3 **benefits**
4

5 *Fringe Benefits Tax Assessment Act 1986*

6 **1 Subsection 5B(1)**

7 Repeal the subsection.

8 **2 Subsection 5B(1E) (method statement, steps 3 and 4)**

9 Repeal the steps, substitute:

- 10 Step 3. If step 2 does not apply in respect of one or more
11 employees of the employer, reduce the individual
12 grossed-up non-exempt amount for each such employee
13 by \$30,000, but not below nil.
- 14 Step 4. If the amount calculated under step 2 or 3 in respect of an
15 employee is positive, reduce that amount (but not below
16 nil) by the lesser of:
17 (a) \$5,000; and
18 (b) so much of the employee's individual grossed-up
19 non-exempt amount as relates to benefits covered
20 by subsection (1M) (about salary packaged meal
21 entertainment and entertainment facility leasing
22 benefits).
- 23 Step 5. Add together the amounts calculated under step 4 in
24 relation to the employees of the employer. The total
25 amount is the employer's *aggregate non-exempt amount*
26 for the year of tax.

27 **3 After subsection 5B(1L)**

28 Insert:

EXPOSURE DRAFT

1 *Salary packaged meal entertainment and entertainment facility*
2 *leasing benefits*

- 3 (1M) This subsection covers a benefit that is provided under a salary
4 packaging arrangement if:
- 5 (a) the benefit is constituted by the provision of meal
6 entertainment (as defined in section 37AD, whether or not
7 the employer has elected that Division 9A of Part III apply to
8 the employer); or
9 (b) the benefit is wholly or partly attributable to entertainment
10 facility leasing expenses.

4 Paragraph 5E(3)(a)

12 Repeal the paragraph, substitute:

- 13 (a) that is:
- 14 (i) constituted by the provision of meal entertainment (as
15 defined in section 37AD, whether or not the employer
16 has elected that Division 9A of Part III apply to the
17 employer); and
18 (ii) *not* provided under a salary packaging arrangement; or

5 Paragraph 5E(3)(c)

20 Repeal the paragraph, substitute:

- 21 (c) that is:
- 22 (i) a benefit whose taxable value is wholly or partly
23 attributable to entertainment facility leasing expenses;
24 and
25 (ii) *not* provided under a salary packaging arrangement; or

6 Section 37AC

27 Repeal the section, substitute:

37AC Meal entertainment benefits

29 If, at a particular time:

- 30 (a) an employer (the *provider*) to whom this Division applies
31 provides meal entertainment to another person (the
32 *recipient*); and
33 (b) the meal entertainment is not provided under a salary
34 packaging arrangement;

35 the provision of the meal entertainment is a meal entertainment
36 benefit provided by the provider to the recipient at that time.

EXPOSURE DRAFT

7 Subsection 65J(2B) (method statement, steps 2 and 3)

1
2 Repeal the steps (including the note), substitute:

- 3 Step 2. Reduce the individual grossed-up non-rebatable amount
4 for each employee of the employer by \$30,000, but not
5 below zero.
- 6 Step 2A. If the amount calculated under step 2 in relation to an
7 employee is positive, reduce that amount (but not below
8 zero) by the lesser of:
- 9 (a) \$5,000; and
- 10 (b) so much of the employee's individual grossed-up
11 non-rebatable amount as relates to benefits covered
12 by subsection (2J) (about salary packaged meal
13 entertainment and entertainment facility leasing
14 benefits).
- 15 Step 3. Add up the results of step 2A for all the employer's
16 employees.

8 After subsection 65J(2H)

17 Insert:

18 *Salary packaged meal entertainment and entertainment facility
19 leasing benefits*

- 20 (2J) This subsection covers a benefit that is provided under a salary
21 packaging arrangement if:
- 22 (a) the benefit is constituted by the provision of meal
23 entertainment (as defined in section 37AD, whether or not
24 the employer has elected that Division 9A of Part III apply to
25 the employer); or
- 26 (b) the benefit is wholly or partly attributable to entertainment
27 facility leasing expenses.

9 Subsection 136(1) (definition of *salary packaging arrangement*)

28 After "an employee", insert ", or an associate of an employee, ".

EXPOSURE DRAFT

1 **10 Section 152B**

2 Omit “If.”, substitute “(1) If.”.

3 **11 At the end of section 152B**

4 Add:

- 5 (2) This section does not apply to a fringe benefit provided under a
6 salary packaging arrangement.

7 **12 Application**

8 The amendments made by this Schedule apply to assessments for the
9 year of tax starting on 1 April 2016 and later years of tax.