

Consultation

Fringe Benefits Tax (FBT) Reform living-away-from-home benefits

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No

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Dear Sir/Madam,

My name is Mauro Caselli, I am a temporary resident of Australia on a 457 visa, working as a Postdoctoral Research Fellow in Economics at the University of New South Wales.

I am writing regarding the proposed "Tax Laws Amendment (2012 Measures No. 3) Bill 2012: deducting expenses for living away from home", also known as changes to LAFHA.

I do not want to argue from a normative standpoint this change in legislation since I certainly

understand the motivations behind it, particularly the move towards a budget surplus and the Australian government's promise towards their electorate of an equal playing field for 457 visa holders.

However, I am concerned about the lack of a transitional arrangement for 457 visa holders who maintain houses abroad, which actually implies that the Australian government has decided to favour permanent residents and thus to break his promise of an equal playing field.

Also, the Australian government believes that 457 visa holders should have started making arrangements since the first announcement in November 2011. First, it is not possible to pretend such behaviour because in moments of high uncertainty, as that created by a simple proposal and not actual legislation, people simply stall.

Second, and more importantly, the Australian government is not considering that some people might have entered into a contract, whether for a house or for an employment, before November 2011 and that such a contract might only end some time after July 2012. This creates a period between July 2012 and the end of the contract in which these people, and unlucky enough I am one of them, are simply stuck into a contract they cannot afford anymore.

I am therefore hoping that the Australian government considers the introduction in the new changes to LAFHA of a transitional arrangement for 457 visa holders who maintain a house abroad, as this would be a move towards equity and to address the issue long-term contracts.

Yours Sincerely,

Mauro Caselli