

Managaer
Philanthropy and Exemption Unit
Personal and Income Retirement Division
The Treasury
Parkes
ACT
2600

Dear Sir/Madam,

Re: Proposed Living Away From Home Allowance (LAFHA) changes

I write in relation to the proposed changes to the LAFHA system as outlined in the Mid Year Economic and Fiscal Outlook on November 29.

In Mr Swan's speech he noted that the reforms were required to stop people 'rorting' the system and that the tax exemption is being increasingly misused by a narrow group of people at the expense of Australian taxpayers.

I agree that the LAFHA system is in need of reform and that the scope in which a taxpayer can gain a LAFHA entitlement should be narrowed to reflect the actual cost of having to perform professional duties away from a principal place of residence. Those taxpayers claiming a LAFHA entitlement should have an onus on them to provide the following:

- Proof of an alternative residence (e.g unrented private home) in another state or country
- Regular proof of reasonable costs associated with living away from the aforementioned residence in order to perform professional duties

The proposed changes are extremely broad sweeping however and legitimate LAFHA entitlements will be negated should the reforms be introduced.

I am a New Zealand citizen and due to professional commitments am required to live in Sydney during the working week. I have a wife in Auckland who lives in our home there whilst I rent an apartment in Sydney, travelling back to New Zealand on a Friday evening and returning to Sydney on Sunday night.

The LAFHA entitlement (rent/food) makes such an arrangement possible and is a fair and just reflection of the additional costs associated with living away from my principal place of residence and performing professional duties in Australia.

Regardless of the LAFHA entitlement I continue to pay a relatively large amount of income tax to the Australian government and am happy to do so however should the proposed changes to LAFHA eventuate I would have to seriously review opportunities in alternative countries.

I respectfully encourage your consideration of the above points and look forward to your response in due course.

Yours sincerely,

Sam Yates
c/- ICAP Australia