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**Consultation Title: Limiting fringe benefits tax concessions on salary packaged entertainment benefits**

It is with great disappointment that I feel I need to make this submission based on the changes that the Government wants to make, by limiting Fringe Benefits tax concessions on Salary Packaged Entertainment Benefits.

Not for Profit Organisations throughout Australia provide services that benefit the community in general and more so for the disadvantaged community within Australia. This not only involves the homeless, but counselling services, disability, Out of Home Care. The list is endless.

A huge amount of funds needed to run many projects comes from public donations. This is definitely in the Billions every year and this is money that the Government does not have to contribute out of "Tax Payer" funds. Yes Government funding is provided for many things, but it does not cover everything.

The reason why we have Not-for-Profit organisations is that the government does not have the capacity to help the disadvantaged in the community 100% and therefore the Not-for-Profit organisations take this responsibility away from the Government, which **without them operating would cost the Government Billions.**

One of the objectives why Not-for-Profit organisations were given certain concessions and exemptions for entities such as registered charities and public hospitals was to enable them to attract staff and reduce their costs of employment. This enables them to allocate funds that would have been used to attract staff, for other projects to assist and benefit the disadvantaged in the community.

The Government back in April 2014, effectively reduced the non-grossed up value employees could Salary Sacrifice when the Medicare Levy was increased from 1.5% to 2%. Without increasing the "Grossed-up" capped figure of \$30,000, an employee was worse off as the Net figure dropped.

As I stated in the beginning, it is disappointing that now the Government again is trying to disadvantage the Not-for-Profit industry but introducing a single "Grossed-up" cap of \$5,000 for salary packaged meal entertainment and entertainment facility leasing expenses (entertainment benefits) for employees. Using the current government rates, **this effectively is a net value (Actual Salary Sacrifice) of only \$2,650 per year or \$50 per week.** I am sure that Parliamentary and Ministerial members spend more than \$50 per week on meals Tax Free.

The original reason for the reporting of Fringe Benefits on Group Certificates was so that employees who were salary sacrificing were not claiming Centerlink funds or not declaring income for family payments, etc. and I agree with this requirement to have salary sacrificed funds declared, but not to disadvantage the Not-for-Profit industry even further.

I strongly believe that by limiting or removing the current exemptions to the Not-for-Profit industry would not be a benefit to the Government in gained Tax Revenue as stated in the current budget, but would actually cost the Government more money in the long term.

The reason for my belief is that currently Not-for-Profit Organisations can offer Salary Sacrifice (including the meal entertainment and entertainment facility leasing expenses) to employees, by making positions attractive without the need to pay higher industry salaries as in the corporate industry.

If Organisations are not able to offer these benefits, (and \$50 per week is not attractive) people will not be applying for positions, programs will not be able to run effectively, therefore the cost to programs will either increase, services will cost more to the community, or possibility programs would need to shut down. If programs did not exist for the community, then this burden falls back on to the Government which as I said before, will effectively cost the Government Billions in the long term.

Tax concessions, exemptions and deductibility statuses were given to Religious and Not-for-Profit Organisations many years ago because the Government saw the benefit that these organisations had in the community, and they deal with and look after situations and people that the Government can't.

Therefore my I am **not in favour** of the current changes and believe the system should be left with no changes.

Regards

Peter Cameron