



## **Australian Government**

### **The Treasury**

## **LIMITING FRINGE BENEFITS TAX CONCESSIONS ON SALARY PACKAGED ENTERTAINMENT BENEFITS**

### **SUMMARY OF CONSULTATION PROCESS**

The Government announced in the 2015-16 Budget that it would introduce a separate single grossed-up cap of \$5,000 for salary sacrificed meal entertainment and entertainment facility leasing expenses for certain employees of not-for-profit (NFP) organisations, and that all use of salary sacrificed meal entertainment benefits will become reportable, with effect from 1 April 2016.

This measure was included in Tax and Superannuation Laws Amendment (2015 Measures No.5) Bill 2015, which was introduced into Parliament on 15 October 2015.

#### **Consultation process**

Consultation on the draft legislation was conducted between 29 June 2015 and 21 August 2015. 64 submissions were received. Of the submissions received, 53 were not confidential, and 11 were confidential.

#### **Summary of key issues**

None of the submissions raised technical drafting issues with the exposure draft legislation.

While submissions raised concerns about the impact of the measure on the NFP sector, most submissions were supportive of imposing a cap on entertainment benefits. However, there was a general view that the \$5,000 cap was too low and needed to be raised. Figures of between \$10,000 and \$20,000 were the most common suggestions for the revised cap.

A few submissions were against the policy of treating entertainment benefits as reportable fringe benefits as they were concerned about the flow on implications from taking into account such benefits for certain calculations such as Higher Education Loan Program debts. A few submissions were opposed to the introduction of a cap, as it would affect their ability to attract, recruit and retain quality staff.