

The proposed changes regarding entertainment packaging been limited to a capped amount of \$5000 and also to be reportable is short sighted and had not taken into account to detrimental impact this will have on the Not-for Profit sector.

Submission:

Original salary/entertainment packaging brought in about 15 years ago. Value of this FBT concession has decreased substantially during this time.

The examples used to justify the capping are grossly over exaggerated and if actually real are the most extreme examples and certainly not the norm.

The argument that higher income earners get a larger tax advantage is ridiculous as the same principal applies when a higher income earner makes a donation - they receive a larger tax deduction.

The concept of salary/entertainment packaging was introduced initially because Not for Profit organisations could not compete with the private sector on salaries. This meant that Not for Profit organisations had great difficulty attracting and retaining qualified employees.

The decision was made without consulting the not-for-profit sector.

The huge disparity with salaries between Not-for-profit and corporate has been overlooked with this proposal and the reasons for granting the FBT concessions in the first place have not been considered.

The measures would “undermine remuneration arrangements” that had been in place for more than a decade.

What is proposed is effectively a pay cut to not-for-profit employees and many are in some of the lowest paid jobs eg aged care workers. The Department of Health and Aging has already stated that there is a severe shortage of Aged Care workers and that this will become critical by 2050. By amending the entertainment packaging FBT concessions this is a pay cut to aged care workers and will only exacerbate the shortage of aged care workers by cutting their take home income .

This is effectively a tax on the not-for-profit sector as none of the tax savings is going to be put back into the sector. This will ultimately reduce services provided by these organizations which in turn will put pressure on Government funded services, therefore drastically minimising the so called tax revenue to be collected.

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