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21<sup>st</sup> May 2012

House Standing Committee on Regional Australia  
House of Representatives  
PO Box 6021  
Parliament House  
CANBERRA ACT 2600

**Inquiry into the use of 'fly-in, fly-out' (FIFO) workforce practices in regional Australia:  
Submission from the Goldfields-Esperance Workforce Development Alliance (GEWDA)**

I am writing to follow up on a request from the chair of the recent enquiry quote  
**TRANSCRIPT OF PUBLIC HEARING – 19<sup>TH</sup> APRIL 2012 – KALGOORLIE**

**CHAIR:** If there is anything else that could help us in posing our questions to Treasury or the tax office, even an additional letter from you might be helpful.

The question I would look to posing to the Australian Tax office would be

The current FBT act states

**SECTION 58ZC EXEMPT BENEFITS - REMOTE AREA HOUSING BENEFITS  
58ZC(1) Remote area housing benefit to be exempt.**

A housing benefit that is a remote area housing benefit is an exempt benefit.

**58ZC(2) What constitutes remote area housing benefit.**

A housing benefit in relation to an employer for a year of tax and for a unit of accommodation, being a benefit provided to an employee of the employer in respect of the employee's employment, is a **remote area housing benefit** if:

**(a)** during the whole of the tenancy period, the unit of accommodation was located in a State or internal Territory and was not at a location in, or adjacent to, an eligible urban area; and

**(b)** during the whole of the tenancy period, the recipient was a current employee of the employer and the usual place of employment of the recipient was not at a location in, or adjacent to, an eligible urban area; and

**(c)** (Repealed by No 77 of 2005)

**(d)** it would be concluded that it was necessary for the employer, during the year of tax, to provide, or to arrange for the provision of, residential accommodation for employees of the employer because:

**(i)** the nature of the employer's business was such that employees of the employer were liable to be frequently required to change their places of residence; or

**(ii)** there was not, at or near the place or places at which the employees of the employer were employed, sufficient suitable residential accommodation for those employees (other than residential accommodation provided by or on behalf of the employer); or

**(iii)** it is customary for employers in the industry in which the recipient was employed during the tenancy period to provide residential accommodation for their employees free of charge or for a rent or other consideration that is less than the market value of the right to occupy or use the accommodation concerned; and

**(e)** the recipients overall housing right was not granted to the recipient under:

**(i)** a non-arm's length arrangement; or

**(ii)** an arrangement that was entered into by any of the parties to the arrangement for the purpose, or for purposes that included the purpose, of enabling the employer to obtain the benefit of the application of this section.

(ii) an arrangement that was entered into by any of the parties to the arrangement for the purpose, or for purposes that included the purpose, of enabling the employer to obtain the benefit of the application of this section.

The above section and provisions are generally used by employers in remote Australia to provide rental accommodation to employees as it is 100 % exempt per the conditions above .

However under the section below the there is only a 50 % reduction ( which has been shown in related documentation to provide very little relief after the grossing up rules are used )

## **SECTION 60 REDUCTION OF TAXABLE VALUE - REMOTE AREA HOUSING**

### **60(1) [Recipient of loan fringe benefit]**

Where:

(a) the recipient of a loan fringe benefit in relation to an employer in relation to a year of tax is an employee of the employer;

(b) the loan is a remote area housing loan connected with a dwelling; and

(c) the recipient occupied or used the dwelling as his or her usual place of residence during a period in the year of tax (in this section referred to as the ``**occupation period**'') during which the recipient was under an obligation to repay the whole or a part of the loan;

the amount that, but for this subsection, would be the taxable value of the fringe

benefit in relation to the year of tax shall be reduced by 50% of so much of that amount as relates to the occupation period.

By equalising the exemption to 100 % in section 60 this would put the benefit provided by either method on an equal footing .

Thus enabling employers to assist employees to providing their own housing without the cost and compliance to purchase housing in remote areas .

As indicated in the report presented we believe this would

1. Allow employers to choose equally between each option . We believe this would not erode the existing tax base but increase flexibility for employers in regional Australia
2. Reduce the increased ' stress' on rental markets in many regional centres
3. The flow on affect enables a stabilization of employees to regional areas  
Owning your own home has been shown as a significant contributing factor .
4. Take the pressure of Metropolitan areas infrastructure

Please contact me if can be of any further assistance to the enquiry

Yours sincerely

Ron Mosby  
Chair