



ADVISORY REPORT ON THE TAX LAWS AMENDMENT (2012 MEASURES NO. 4) BILL 2012:

Living-Away-From-Home Allowances and Benefits

The Chair of the House Economics Committee, Ms Julie Owens, has tabled the committee's advisory report on Schedule 1 of the Tax Laws Amendment (2012 Measures No. 4) Bill 2012.

The schedule reforms the taxation treatment of living-away-from-home (LAFH) allowances and benefits and the associated tax concessions.

The committee has made a number of recommendations to simplify the application of the legislation and limit the exploitation of LAFH allowances and benefits. The committee recommendations include:

- clarifying what constitutes an 'ownership interest' and the satisfactory retention of an employee's 'usual place of residence';
- supporting the introduction of tightened eligibility criteria i.e. the 12 month time limit per work location and the maintenance of a usual place of residence;
- exempting drive-in drive-out (DIDO) workers who use their own transport from the 12 month time limit per location, in line with other DIDO and fly-in fly-out (FIFO) workers;
- expanding the definition of FIFO and DIDO workers to include workers who do not meet the test of maintaining a usual place of residence within Australia;
- clarifying the circumstances in which the 12 month time limit will be paused;
- ensuring partners or spouses of eligible employees are able to access the tax concession and incur deductible expenses;
- implementing a single taxation treatment for LAFH allowances;
- supporting the retention of LAFH allowances wholly within the FBT regime;
- clarifying the new compliance obligations for employers and employees; and
- clarifying what constitutes a 'material variation' to a worker's contract.

Ms Julie Owens, said 'I support the intent of the tax concession to compensate employees for the additional expenses associated with living away from home at the request of their employer, as this promotes workforce mobility and flexibility.

'However, LAFHA was not designed as a wage subsidy and as a general principle if employees are not incurring extra costs as a result of a temporary relocation, they should not receive the tax concession.'

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