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Spry Roughley

CHARTERED ACCOUNTANTS

2 February 2012

Manager
Philanthropy & Exemptions Unit
Personal and Retirement & Income Division
The Treasury
Langton Crescent
PARKES ACT 2600

Dear Sir/Madam

**Submission on Consultation Paper
Fringe Benefits Tax Reform - Living- Away- From- Home Benefits**

We understand the proposed reforms to the Living- Away-From-Home (LAFH) Benefits under the Fringe Benefits Tax (FBT) legislation are to be amended.

We understand the proposed amendments are aimed, at least in part, at curbing the growing use of the LAFH concessions by employers to allow temporary resident workers coming to Australia to convert otherwise taxable salary or allowances into a tax-free allowances. We understand from the announcements made to date that this is considered an unfair advantage over local Australian workers.

We believe that the proposed amendments are unfair to both employers and employees who are benefiting from LAFH allowance arrangements under existing contracts as such arrangements will be subject to the new provisions commencing on 1 July 2012.

We believe that there should be transitional arrangements or a non retrospective application of this policy change to existing employment arrangements so they may continue on the basis initially contracted.

This is a very significant issue to temporary non-resident employees who have entered into employment contract arrangements on the basis of advice and assistance provided under the current legislative framework. For instance a European executive already relocated to Sydney, where living costs are significantly higher than in his home country, and based in the City of his arrival to help establish a new business, contracted to receive LAFH allowances to cover the additional reasonable costs of accommodation, and allowances for the education for his children, would be significantly disadvantaged due to the proposed changes in the legislation. The allowances would be assessed as taxable income in the hands of the employee, or alternatively, the employer would be subject to FBT for any of the employee's living away from home and other additional personal expenses borne by the employer.

To address this significant disadvantage we believe that any new legislation impacting on such allowances as described above should only apply prospectively from 1 July 2012, and not apply to existing contracted arrangements for the duration of those arrangements.

An independent member of

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GROUP

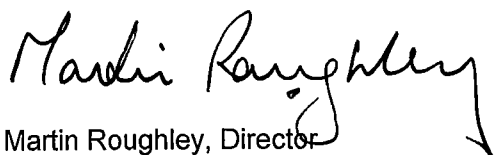
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Should the Government wish to phase out pre-existing concessions, then a sufficiently long period for quarantining of such contracts should be allowed such that business and employees have sufficient time to reorganise themselves. Given the scarcity of the talent pool in this country and the significant personal costs in unplanned relocations we consider such a quarantining period should realistically be extended for some considerable time, perhaps coinciding with the Visa conditions applicable to the employee's entry into Australia.

We trust you will consider this matter. If you have any queries in relation to this matter please contact me.

Yours sincerely
Spry Roughley Services Pty Limited

A handwritten signature in black ink, reading "Martin Roughley". The signature is written in a cursive style with a large, sweeping 'M' and a long, trailing 'y'.

Martin Roughley, Director
Chartered Accountant
Ref: 176361