## Better targeting the Zone Tax Offset to exclude ‘fly-in fly-out’ and ‘drive-in drive-out’ workers

## SUMMARY OF CONSULTATION PROCESS

The Government announced in the 2015-16 Budget that it would better target the Zone Tax Offset to exclude ‘fly-in fly-out’ and ‘drive-in drive-out’ (FIFO) workers from claiming the Zone Tax Offset.

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 exposure draft and explanatory material was conducted between 16 July 2015 and 5 August 2015. Two formal submissions were received on the proposed changes to the Zone Tax Offset.

### Summary of key issues

One submission on the Zone Tax Offset changes supported the restriction of the offset to genuine residents, however noted that the offset payable was not commensurate with the difference in salary as between a locality like Darwin or Sydney.

As this matter did not relate to the draft law itself, the Bill did not adopt any changes.

Another submission referred specifically to the draft legislation and indicated that the changes may only impact those classified as ‘employees’ and therefore contractors may be excluded from the changes and the intended outcome. The Bill was amended to ensure that both employees and contractors are appropriately covered by the measure, and excluded from claiming the Zone Tax Offset unless genuinely living in a designated zone.