



~ Frequently Asked Questions ~

Changes to Meal Entertainment and Accommodation & Venue Hire

In recent months, the Australian Government has passed new legislation that changes the Fringe Benefits Tax (FBT) treatment of both the **Meal Entertainment** and **Accommodation & Venue Hire** fringe benefits when salary packaged. These changes will take effect from 1st April 2016.

A new annual cap limit of \$2,550 in real dollars (or \$5,000 Grossed Up Value) will apply per FBT Year across the combined total of **Meal Entertainment** and/or **Accommodation & Venue Hire** expenses.

Who is affected by these changes?

The changes will affect employees within the Not-For-Profit and Public Health sectors who are salary packaging (or intend to salary package) **Meal Entertainment** and/or **Accommodation & Venue Hire** fringe benefits. This includes employees of FBT Rebatable Organisations (churches, independent schools, associations, etc), Public Benevolent Institutions, Charities and Public Health Organisations.

When do the changes take effect?

The changes will take effect from 1st April 2016, when the 2016-2017 FBT Year commences. You can continue to salary package your existing **Meal Entertainment** and **Accommodation & Venue Hire** fringe benefits at the current rate until 31st March 2016.

What do the changes involve?

A new annual cap limit of \$2,550 in real dollars (or \$5,000 Grossed Up Value) will apply per FBT Year across the combined total of **Meal Entertainment** and/or **Accommodation & Venue Hire** expenses.

When salary packaged, these two fringe benefits will now incur a **Reportable Fringe Benefits Amount** ('RFBA') on your annual Payment Summary, which may have an impact on any Government Benefits you receive or Government Obligations (such as HECS/HELP, Medicare Surcharge and Child Support).

What if I haven't spent my accrued funds by 31st March 2016?

To gain maximum tax effectiveness from your salary package, you should aim to spend all accrued funds on your **Meal Entertainment Card** and all accrued **Accommodation & Venue Hire** funds in your salary package before 31st March 2016. This includes submitting reimbursement claims for any eligible **Accommodation & Venue Hire** claims no later than 20th March 2016 to ensure they can be processed in the current FBT year.

Any accrued funds towards the **Meal Entertainment Card** and/or **Accommodation & Venue Hire** that remain in your salary package on 1st April 2016 will contribute towards the new combined cap limit of \$2,550 per FBT Year.

These changes will NOT have an impact on funds in your salary package that are accrued or spent towards other fringe benefits (such as a Novated Lease vehicle, mortgage payments, etc).

Can I pre-pay Accommodation & Venue Hire expenses before 31st March 2016?

No, as per our program Terms and Conditions, Accommodation & Venue Hire expenses will only be eligible for salary packaging where they are paid for in full **and** after use of the accommodation/venue has occurred. Therefore, you are unable to make any advanced claims where the accommodation/venue hire event will not take place until after 1st April 2016.

Will the changes reduce what I can spend towards my other fringe benefits?

No. These tax changes will ONLY affect the **Meal Entertainment** and **Accommodation & Venue Hire** fringe benefits. Any other fringe benefits you are salary packaging will retain the same FBT treatment and FBT concessions.

These changes DO NOT AFFECT your standard FBT Concession Caps as listed below:

- For **FBT Rebatable Employees** (eg. church, independent school, association, etc) these changes will NOT affect your FBT Rebate Cap of \$31,177 Grossed Up Value per FBT Year. You will continue to receive your 49% FBT Rebate as per normal.
- For **Public Benevolent Institution/Charity Employees** these changes will NOT affect your FBT Exempt Cap of \$31,177 Grossed Up Value per FBT Year. You will continue to receive your FBT Exemption as per normal.
- For **Public Health Organisation Employees** these changes will NOT affect your FBT Exempt Cap of \$17,667 Grossed Up Value per FBT Year. You will continue to receive your FBT Exemption as per normal.

What do I need to do?

If you are currently salary packaging these fringe benefits, you should aim to spend your accrued **Meal Entertainment Card** and **Accommodation & Venue Hire** funds before 31st March 2016, to maximise the tax effectiveness of your salary package.

If you are currently packaging more than \$2,550 per FBT Year towards either or both of these fringe benefits, Southgate will automatically reduce your fringe benefit to the new annual maximum from 1st April 2016 and advise you of these changes – unless you advise an alternative amount to package or request to cancel one or both of these fringe benefits.

For more information:

If you have any questions, please contact our Client Support Team on **1300 132 500** or via email at support@southgatesalpack.com.au.