

## Change to meals, entertainment and entertainment leasing fringe benefits tax concession

7 May 2015

Assistant Treasurer Josh Frydenberg has today revealed that the Commonwealth Government will be acting to cap the meals, entertainment and entertainment facility leasing fringe benefits tax exemption (MET).

The MET is currently uncapped and allows staff of not-for-profit (NFP) organisations, including public hospitals and public benevolent institutions (for example, registered community health services) to salary package meals, entertainment, holidays, celebrations and weddings.

### Key changes

The Assistant Treasurer has indicated that the 2015-16 Commonwealth Budget will introduce a \$5,000 grossed-up cap on the MET. This will not entail any changes to the current fringe benefits tax (FBT) caps of \$17,000 for public hospitals and \$30,000 for public benefit institutions

### VHA response

The VHA strongly opposes any reduction to the FBT exemption caps of \$17,000 and \$30,000 and is pleased that the current arrangements for these measures will remain in place.

The VHA understands the Commonwealth Government's intention regarding the introduction of a \$5,000 grossed-up cap to the MET but suggests that this figure is too low. In addition, the VHA also considers that the FBT exemption caps and the new MET cap ought to be indexed appropriately to reflect inflation and increases in the cost of living.

We are awaiting further detail in the Commonwealth Budget, particularly around intended timelines for introduction, and will communicate this to members when it is available.

### Contact

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