

## Submission 23



Police Federation  
of Australia

The National Voice of Policing

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The Secretary  
House Economics Committee  
Parliament House  
CANBERRA ACT 2600

### **REVIEW OF THE TAX LAWS AMENDMENT (2012 MEASURES NO. 4) BILL 2012**

The Police Federation of Australia (PFA) is the nationally registered union representing Australia's 56,000 police officers. I make this submission on behalf of all state, territory and the federal police associations/unions.

I note in the email alert service on Friday 29 June the Committee Chair stated that the committee will "...where possible identify any unintended consequences" of the Bill. The PFA has identified what we think will be 'unintended consequences' as a result of the proposed Bill for police officers.

A living away from home allowance (LAFHA) applies in a number of police jurisdictions. Some examples include –

#### **VICTORIA –**

A Recruit or Probationary Constable in training, who lives in the Police Academy while in training (up to 33 weeks), currently receives a LAFHA of \$295.22 per week. (Residing at the Academy is not compulsory in training so generally the only members who do so are from country/interstate areas)

They are then charged a fee of approximately \$230 per week to cover for accommodation & meals. (However no meals are provided on weekends)

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### **NEW SOUTH WALES –**

NSW Police who are seconded to work in the snow during winter months receive a daily snow season LAFHA of \$90.27. Their accommodation is provided by the employer, but no meals. The cost of food/meals in such a location is very expensive.

### **AUSTRALIAN FEDERAL POLICE –**

AFP Officers who are seconded to a location (domestic and/or Christmas Island) for in excess of 21 days receive a LAFHA of \$425.50 per week made up of a meal allowance of \$366.50 and incidental allowance of \$59. Accommodation is provided by the employer but all meal and other expenses are to be provided by the employee. Again, the cost of food/meals in a location such as Christmas Island is very expensive.

AFP Officers who stay at their College in Canberra whilst undertaking courses receive \$121.10 per week for incidentals, as meals and accommodation are provided. Those members pay \$75 (approx.) per week to stay at the College

As we understand the Bill, if a police officer is not maintaining a home for their own personal use and enjoyment, they will not be entitled to claim income tax deductions for accommodation and food or drink expenses while living away from home.

What determines if a police officer is maintaining a home? I assume that an officer would require some legal right or license to occupy a premise to be adjudged as maintaining a premise? What about someone who is paying rent towards some form of accommodation but they are not recognized as the legal tenant? How are issues such as this going to be determined?

We further understand that the first \$42 will be a fringe benefit to the employer when the employee has provided a declaration to the employer that they will incur food or drink expenses that qualify for an income tax deduction. The PFA sees this as creating a significant burden on both police employers and employees and expect that many members may inadvertently not provide such a declaration and find that the entire amount of the LAFHA will be assessable to them.

In the case of Victoria Police, we would be very concerned that such a change to the tax regime for LAFHA could have an adverse impact on police recruiting if the current \$295.22 became assessable income as opposed to being treated as a LAFHA where an income tax deduction can be sought.

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We are aware that the ATO will soon be providing an outline on what are 'reasonable' meal expenses, however, as we have pointed out in this submission, some of the locations that our members are seconded to for work, where they receive a LAFHA, are those locations where food and meal costs would be considered extra ordinary. It would be hoped that the ATO will take circumstances such as these into account when determining what is considered 'reasonable'.

The PFA would be pleased to appear before the Committee if necessary to elaborate more fully on our concerns.

Sincerely yours

A handwritten signature in black ink that reads "M A Burgess". The letters are cursive and connected, with a large, stylized 'B'.

Mark Burgess  
Chief Executive Officer