

Monash University Procedure

Procedure Title	FBT and Living Away From Home Allowance (LAFHA) (Australia) Procedures
Parent Policy	Fringe Benefits Tax (Australia) Policy
Date Effective	10-July-2015
Review Date	20-September-2011
Procedure Owner	Divisional Director, Corporate Finance
Category	Operational Procedure
Version Number	1.1
Content Enquiries	Finance Policy
Scope	All Australian campuses All Australian staff members
Purpose	To ensure the University complies with Australian Fringe Benefits Tax (FBT) legislation and rulings.
PROCEDURE STATEMENT	

A LAFHA is an allowance paid to an employee to compensate for additional expenses incurred and any disadvantages suffered because the employee is required to live away from their usual place of residence while performing their employment related duties.

Taxable Value

The taxable value of the LAFHA is the total amount of allowance paid to the employee, reduced by the exempt accommodation and food components.

Responsibility

Human Resources

Exempt Accommodation Component

This is the amount of the allowance which is reasonable compensation for the cost of the accommodation of the employee (and family) while living away from home. It would be expected that the amount determined for reasonable costs should approximate the actual accommodation costs incurred by the employee.

Responsibility

Human Resources

Exempt Food component

This is the amount of the allowance that represents reasonable compensation for the increased cost of meals likely to be incurred for eligible family members as a result of living away from home. To assist in determining

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what is meant by the increased expenditure on food the ATO states that the amount of food consumed at home is:

- \$42.00 per week for each person 12 years or over at the start of the tax year
- \$21.00 per week for each younger person

For the FBT year beginning 1 April 2008 the exempt reasonable food component of a living away from home allowance for 1 adult is \$169.00 per week.

Responsibility

Human Resources

Living Away From Home Allowance Declaration

The employer must obtain a completed Living Away From Home Allowance Declaration Form from the employee otherwise no reduction in taxable value applies.

Responsibility

Human Resources

Responsibility for implementation	Senior Vice-President Finance & CFD Executive Director, Corporate Finance
Status	Revised
Approval Body	Name: Executive Director, Monash HR Date: Date approved Author: Taxation Manager
Definitions	FBT: Fringe Benefits Tax ATO: Australian Taxation Office LAFHA: Living Away From Home Allowance Taxable Value: Value of the fringe benefit before it is grossed up
Legislation Mandating Compliance	Fringe Benefits Tax Act 1986 Fringe Benefits Tax Assessment Act 1986
Related Policies	Global Taxation Policy Corporate Credit Card Policy
Related Documents	