



MT 2047 - Fringe benefits tax: living-away-from-home allowance benefits: reasonable food component for expatriate employees: update of MT 2045

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 This document has changed over time. This is a consolidated version of the ruling which was published on *28 March 1991*

TAXATION RULING NO. MT 2047

FRINGE BENEFITS TAX: LIVING-AWAY-FROM-HOME ALLOWANCE
BENEFITS: REASONABLE FOOD COMPONENT FOR EXPATRIATE
EMPLOYEES: UPDATE OF MT 2045

FOI Embargo: May be released

REF NO Ref.: 87/1500-9 Date of effect: Immediate

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FOI INDEX DETAIL

| Reference no.: | Subject refs: | Legislative refs: |
|----------------|---|-------------------|
| I 1012593 | FRINGE BENEFITS TAX LIVING-AWAY-FROM-HOME ALLOWANCE | FBTAA: 30, 31,136 |

OTHER RULINGS ON THIS TOPIC: MT 2030, MT 2040, MT 2043, MT 2045

PREAMBLE

The taxable value of a living-away-from-home allowance fringe benefit is calculated in accordance with section 31 of the Fringe Benefits Tax Assessment Act 1986 ("the Act"). The taxable value in relation to a fringe benefits tax year is the amount of the allowance reduced by either or both of:

- (a) any "exempt accommodation component" as defined in section 136 of the Act; and
- (b) any "exempt food component" as defined in section 136.

2. This Ruling deals with the ascertainment of the "exempt food component" of the allowance. The purpose of the Ruling is to set out for the year ended 31 March 1991 the amount which this Office considers would be a reasonable food component of living-away from-home allowances received by ex-patriate employees during their term of employment in Australia.

3. Guidelines for determining the reasonable food component of living-away-from-home allowances received by various ex-patriate family groupings were first provided in Taxation Ruling MT 2040 for the fringe benefits tax years ended 31 March 1987 and 1988. This Ruling is intended to be read in conjunction with MT 2040. Updates of MT 2040 were issued for the years ended 31 March 1989 (viz. MT 2043) and 31 March 1990 (viz. MT 2045).

4. The reasonable food component for the fringe benefits tax years ended 31 March 1987 and 1988 were determined by reference to the 1984 Household Expenditure Survey (HES) conducted by the Australian Bureau of Statistics (ABS). The component in this Ruling for the year ended 31 March 1991 has been calculated by referring to the 1988-1989 HES conducted by the ABS and has been suitably indexed to take into account movements in the food

subgroup of the Consumer Price Index since the survey was completed.

RULING 5. The following table itemises the amounts that will be accepted as a reasonable food component of a living-away-from-home allowance paid to expatriate employees in various family situations for the fringe benefits tax year ended 31 March 1991:

per week

| | |
|-------------------------------|-------|
| One adult | \$115 |
| Two adults | \$184 |
| Three adults | \$207 |
| Two adults and one child | \$207 |
| Two adults and two children | \$207 |
| Two adults and three children | \$242 |
| Three adults and one child | \$242 |
| Three adults and two children | \$276 |
| Four adults | \$276 |

("Adults" for this purpose are persons aged 12 years or more)

6. In relation to larger family groupings, this Office will accept a food component based on the above figures plus \$68 for each additional adult and \$34 for each additional child. Thus, for a family of 2 adults and 4 children a reasonable food component would be \$242 plus \$34, i.e., \$276; for a family of 5 adults it would be \$276 plus \$68, i.e., \$344 per week.

7. It will be noted that the amounts used in this Ruling are lower than the corresponding amounts used in MT 2045. The amounts set out in this Ruling are intended to represent amounts that might reasonably be expected to be expended on food and drink by families in Australia. To use the most recent HES figures is considered appropriate because these are more likely to represent current expenditure patterns. However, while this Ruling will apply to the majority of cases, it will of course be open to any individual expatriate employee to establish a higher level of spending by reference to receipts or detailed records maintained for such a period, e.g., 3 months, as would be sufficient to reflect a long term expenditure pattern.

COMMISSIONER OF TAXATION
28 March 1991