

The Meal Entertainment Card

Help yourself to more of your income

Swipe the Meal Entertainment Card to enjoy tax-free or reduced tax spending on meal entertainment expenses

What you are about to read might surprise you. It will also offer you a simple choice. The choice to get more from your pay, or do nothing at all. Whatever you decide to do is entirely up to you.

Imagine if you could pay for your meal entertainment expenses using your pre-tax income – through salary sacrifice. This would mean that you could pay for these expenses on a tax-free or reduced tax basis and the tax you save means you will have more available to spend.

Right about now, you are probably thinking that this sounds a little too good to be true. So we'd like to take this opportunity to explain how the Federal Government has made it possible for you to keep more money from your pay.

This opportunity has become available not by way of some tax loophole, but because you are either employed in the PBI sector or by a rebatable employer. The Federal Government has established special rules that allow employees of public benevolent institutions (PBI) private and-not-for profit hospitals and public hospitals to receive part of their income as tax-free meal entertainment and for employees of rebatable employers to receive part of their income as concessionally taxed meal entertainment.



These special rules are another way in which the Government provides assistance to these employers. To take advantage of these special rules and receive part of your income in tax-free or reduced tax benefits, certain conditions need to be satisfied.

It's a special set of rules for a special type of industry

How do the special rules operate?

Sounds good in theory, doesn't it? But how does it work? Under the special rules your employer may reimburse your meal entertainment expenses on a tax-free or reduced tax basis in lieu of paying your taxable income. Which means, instead of taking all your salary in cash, you can use your Meal Entertainment Card to pay for meal entertainment expenses on a tax-free or reduced tax basis.

You may be wondering what's in it for your employer. Are they making money on your money? Absolutely not! But they are able to provide you with tax-free or reduced tax benefits without the administration costs normally associated with processing employee claims and expense requests.

How can I access tax-free or reduced tax meal entertainment?

The Meal Entertainment Card is a specific MasterCard card, which acts as a key to unlock tax-free or reduced tax meal entertainment benefits from your salary. It's easy to understand and simple to operate. Here's how to access your benefits:

1. Choose how much of your annual salary will be sacrificed to receive meal entertainment benefits.
2. Fill out the Application Form and return it to the address provided.
3. The amount you have chosen to receive as meal entertainment benefits will be credited by your employer to your Meal Entertainment Card account in equal instalments each pay period. Just as important, it is immediately available to spend.
4. Use your card wherever MasterCard is accepted to pay for your meal entertainment expenses up to the limit of your available funds.
5. Each month we will send you a statement of the expenses charged to your card. The money that has been deposited to your card account by your employer is used to pay for these expenses.

What you can and can't do with your card

What expenses can I pay with my card?

Meal entertainment expenses are expenses representing provision of:

- (a) entertainment by way of food and drink; or
- (b) accommodation or travel in connection with, or for the purpose of facilitating entertainment by way of food and drink.

While this definition taken from the legislation is a little vague, what is clear is that the provision of food or drink in all circumstances is not meal entertainment.

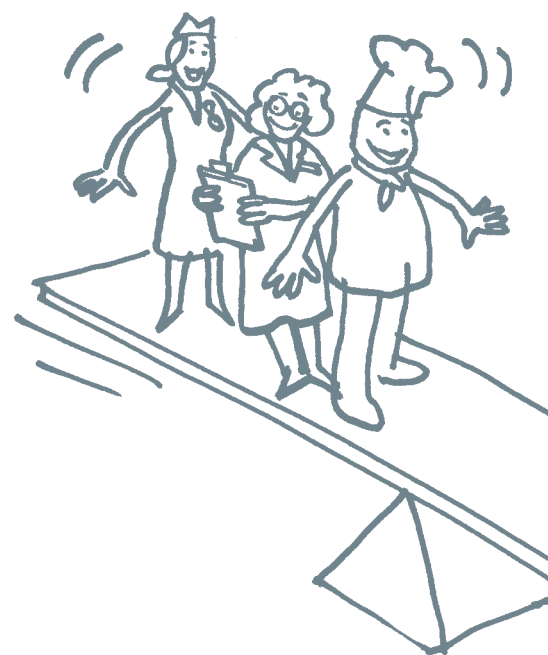
In order for food or drink to qualify as meal entertainment, there must be some element of entertainment present. Entertainment in this sense does not refer to a performance or the like, but more generally to some gathering of people to carry out some activity with a view to enjoying themselves.

In cases of doubt you need to consider:

- (a) Why is the food or drink being provided? For example, food or drink provided for purposes of refreshment would not generally be meal entertainment, whereas food or drink provided

at a social function for enjoyment would be meal entertainment.

- (b) What food or drink is being provided? Light meals such as morning tea are less likely to be meal entertainment as opposed to more elaborate meals.
- (c) When is the food or drink provided? Food or drink during working hours is less likely to be meal entertainment than food or drink provided after hours.
- (d) Where is the food or drink being provided? Food provided in a social setting, e.g. hotel, restaurant, café, coffee shop, etc. is more likely to be meal entertainment.

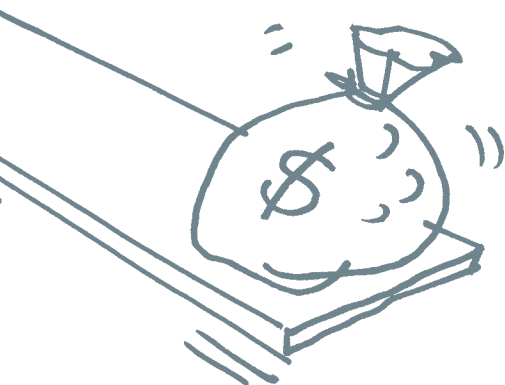


Examples of expenses that are likely to be Meal Entertainment

- Breakfast/lunch/dinner with friends or family at a restaurant/café.
- Drinks/food at a bar or nightclub.
- Purchases of food or drink for a party, BBQ, etc.
- Drinks/food while on holidays at a resort/hotel, etc.
- Taxi travel to a club/restaurant, etc. for the purposes of obtaining food/drink.

Examples of expenses that are **not** likely to be meal entertainment

- Purchase of general household food and drink.
- Purchase of alcohol to be consumed generally at home.
- Tickets to movies, sporting or cultural events.
- Travel/accommodation costs for local or overseas holidays for recreation purposes.



What to do if you are not sure if an expense is meal entertainment

If you are not sure that an expense is a meal entertainment expense, you should not pay for it with the Meal Entertainment Card. You of course can pay for such expenses with your Employee Benefits Card, if you have one.

What can't I pay for with my card?

The Card can only be used to pay for meal entertainment expenses. Also the following transactions are not permitted:

- Periodical payments or direct debits cannot be set up on the card.
- The card cannot be used to withdraw cash; e.g. from ATMs, or when making EFTPOS transactions.

Can I overspend on my card?

You can only spend on your card up to the funds available from deposits made to your card account by your employer. If a transaction is approved that would cause you to spend in excess of your available funds, don't worry. In these circumstances any overspent amounts will be deducted from the account you nominated when you applied for your card.

What else should I know about my card?

The Meal Entertainment Card has been designed to be hassle-free and easy to use.

- When paying for a purchase with the card, select the 'credit' option.
- For instant confirmation of your card account balance use an ATM or call the Westpac Call Centre.
- Because the Meal Entertainment Card has been designed for the specific purpose of accessing tax-free or reduced tax meal entertainment, you cannot transfer funds from your card account into other accounts, or from other accounts into your card account.
- A \$160 annual fee is charged at the end of the first statement cycle and then charged on or after the anniversary of the first charging of the fee.

Some important facts you need to know

What happens at year-end?

At year end, which is 27 March each year for purposes of the card, any amounts unspent are simply carried forward and are available for you to spend in the new year.

What happens to my card if I resign?

Unfortunately, on resignation or termination of employment your card will be automatically cancelled and must be returned to your employer.

Any funds that have been deposited to your card account but not spent will be reconciled by your employer and paid to you less the appropriate amount of tax.

Are meal entertainment benefits shown on my group certificate?

No.

How do I apply for my card?

Applying for the card is easy. Just follow these three quick steps:

1. Complete the Salary Sacrifice Agreement available from your employer.
2. Complete the Meal Entertainment Card Application Form, including the Direct Debit Form, available from your employer.
3. Return the completed forms to your employer.

Can I apply for an additional card in my spouse's or partner's name?

Yes. Just note that a separate \$160 annual fee is payable and you need to decide how much will be deposited by your employer to each card.

What happens next?

1. You will receive a letter when the card(s) is available for collection at your nominated Westpac branch.
2. Every payday, your employer will transfer the agreed amount to your card.
3. You may spend on meal entertainment only up to the available balance.
4. You will receive a transaction statement each month.

Apply now

To start enjoying tax-free or reduced tax meal entertainment benefits, simply return your completed Application Form to your employer. It's that easy.

Want to find out more?

If you have any questions regarding the Meal Entertainment Card or its use, please contact your personnel/payroll department for more information.

Things you should know: The information in this brochure is current as at October 2006, is general in nature and is not intended to constitute financial or taxation advice. Before making any decisions which may affect your personal taxation position, we recommend you consult an independent taxation adviser as to the implications, taking into account your individual circumstances. Fees and charges apply. Full details of all terms and conditions are available on application. These may be varied, or new terms and conditions introduced, in the future. Westpac Banking Corporation ABN 33 007 457 141.

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