

1998-99

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

HOUSE OF REPRESENTATIVES

A NEW TAX SYSTEM (FAMILY ASSISTANCE) BILL 1999

SUPPLEMENTARY EXPLANATORY MEMORANDUM

Amendments to be moved on behalf of the Government

(Circulated by authority of the Minister for Family and Community Services,
Senator the Hon Jocelyn Newman)

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OUTLINE AND FINANCIAL IMPACT STATEMENT

The amendments deal with an extension of eligibility for *family tax benefit (Part A)* announced in the 1999 Budget.

The new provisions extend eligibility for *family tax benefit (Part A)* to young people aged under 21 (both job seekers and students), with effect from 1 July 2000. The legislation is drafted to ensure that a young person who would attract a higher rate under the family tax benefit provisions rather than the youth allowance provisions will have the option to forgo his or her youth allowance entitlement to enable eligibility for family tax benefit by an adult (in respect of whom the young person would then be an *FTB child*).

This Budget measure forms part of the Government's plan for a new tax system, in which the structure and administration of family assistance is being simplified with effect from 1 July 2000.

The financial impact of this measure is:

2000-2001	\$ 51.80m (expenditure)
2001-2002	\$ 51.63m (expenditure)
2002-2003	\$ 51.50m (expenditure)

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NOTES ON AMENDMENTS

As part of the Government's plan for a new tax system, the structure and administration of family assistance is being simplified with effect from 1 July 2000. Under this initiative, twelve forms of assistance, currently available under the tax and social security systems, will be reduced to three: *family tax benefit Part A*, *family tax benefit Part B* and *child care benefit*.

Amendments 1 – 12 (inclusive)

Amendments 1 to 12 (inclusive) give effect to the Government's decision to extend eligibility for *family tax benefit (Part A)* to young people aged under 21 (both job seekers and students), with effect from 1 July 2000.

Where is the ability to choose between youth allowance and family tax benefit Part A?

Section 22 of the Bill contains a Table which sets out some occasions when an individual cannot be an *FTB child* of an adult (and therefore not attract payment of family tax benefit). Item 3 of the Table provides that an individual is not an *FTB child* if the individual is receiving a *social security benefit* (among other things).

An individual in receipt of youth allowance is receiving a *social security benefit*. An individual who wishes to enable eligibility for *family tax benefit (Part A)* by an adult in respect of the individual, rather than receiving youth allowance, may choose to do so simply by not applying for youth allowance, or, if the individual is already receiving youth allowance, by relinquishing that benefit.