

12 May 2010



## 2010 Federal Budget Report

### EXECUTIVE SUMMARY

- 2010-11 Federal Budget: \$40.8bn deficit, but room for tax measures
- Stronger economy delivers election Budget - by Reuters News

### PERSONAL TAXATION

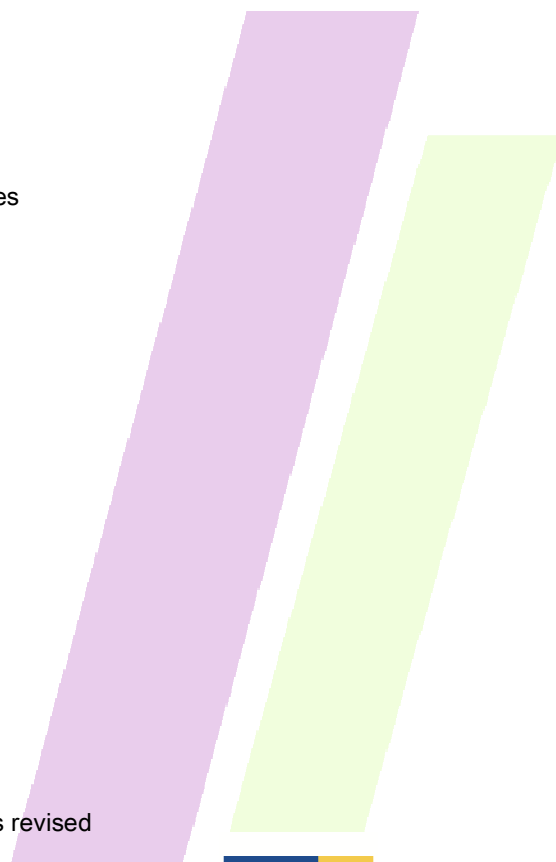
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- Calculation of SATO corrected
- Medical expenses rebate threshold raised
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# 2010 Federal Budget Report

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## **PERSONAL TAXATION**

### **50% savings discount for interest income**

From 1 July 2011, the Government will provide individuals with a 50% tax discount on up to \$1,000 of interest earned by individuals, including interest earned on deposits held with any bank, building society or credit union, as well as bonds, debentures or annuity products.

Importantly, the discount will be available for interest income earned directly as well as indirectly, such as via a trust or managed investment scheme, and is expected to benefit around 5.7m taxpayers in 2011-12. For a person earning an average pre-tax interest rate of 6%, the Government states that the discount would apply up to a savings balance of just over \$16,500.

Currently, the Government says there is considerable variation in the taxation treatment of alternative savings vehicles, with relatively higher levels of taxation applying to interest income. For instance, most interest income is currently taxed at the individual's marginal rate, while certain capital gains can receive a 50% discount. This measure is expected to have an ongoing cost to revenue estimated to be \$950m over the forward estimates period (plus a consequential expense of \$145.7m as a result of reducing adjusted taxable income for the purpose of determining eligibility for transfer).

### **Adjusted taxable income**

The Government states that taxpayers claiming the discount for interest income will have a reduced adjusted taxable income for the purpose of determining eligibility for transfer payments and other concessions. This may result in some individuals and families becoming eligible for transfer payments or eligible for a larger transfer payment. The Government noted that the consequential expense primarily affects Family Tax Benefit, but will also affect other payments such as the Baby Bonus, Child Care Benefit, Education Tax Refund, Commonwealth Seniors Health Card (CSHC) and the Pensioner Supplement (which is linked to eligibility for the CSHC).

### **Further consultation**

The Government said it will consult during 2010-11 on details concerning the operation of the discount, including in relation to any boundary issues relating to the scope of the discount, eligible savings products and the mechanism for applying the discount to interest earned indirectly by individuals. Capital funding of \$4.3m will also be provided to the Tax Office.

### **Date of effect**

The measure will apply from 1 July 2011.

### **Henry Report recommendation**

The Treasurer noted that this announcement is in response to the Henry Tax Report (see 2010 WTB 18 [691]) recommendation to provide a tax discount on interest income from savings. However, following industry submissions, including those from the Institute of Chartered Accountants in Australia (ICAA) and the National Institute of Accountants (NIA), the Government appears to have been persuaded to apply a 50% discount, instead of the 40% discount proposed by the Henry Report.

In particular, Recommendation 14 of the Henry Tax Report called for a 40% savings income discount for individuals' non-business related income, including: (a) net interest income; (b) net residential rental income (including related interest expenses); (c) capital gains (and losses); and (d) interest expenses related to listed shares held by individuals as non-business investments. However, at that time, the Prime Minister and the Treasurer said that the Government would not proceed with the recommendation to apply the discount to negative gearing deductions: see 2010 WTB 18

Commenting on the Government's announcement tonight, Mr El-Ansary, the ICAA's Tax Counsel, stated that "the decision today to provide a 50% discount for earnings up to \$1,000 per year delivers a real incentive for Australians to save for the future. We have a national savings problem in this country and this measure will start to make inroads into dealing with that," Source: Budget Paper No 2 [p 36]; Treasurer's press release, 11 May 2010 , The Institute of Chartered Accountants in Australia Media Release, 11 May 2010. by Stuart Jones

### **Standard deduction for work-related expenses**

The Government will provide individual taxpayers with a standard deduction of \$500 for work-related expenses and the cost of managing tax affairs from 1 July 2012. The standard deduction will increase to \$1,000 from 1 July 2013. Those taxpayers with deductible expenses greater than the standard deduction amount will still be able to claim their higher expenses, in lieu of claiming the standard deduction amount.

According to the Government, this measure is an important step towards a "tick and flick" system of pre-filled tax returns that will make life easier for taxpayers at tax time. A standard tax deduction was recommended by the Henry Tax Report: see 2010 WTB 18.

The standard deduction will reduce individuals' and families' adjusted taxable income for the purpose of determining their eligibility for transfer payments and other concessions (eg the Family Tax Benefit, Baby Bonus, Child Care Benefit, the Commonwealth Seniors Health Card and the Seniors Supplement). This will make some individuals and families eligible for transfer payments or eligible for a larger transfer payment. In its discussions with the Henry tax review panel, the Institute had proposed a standard deduction which varied on the basis of an individual's taxable income.

Mr El-Ansary, the Institute's Tax Counsel, said the simplified tax return system, which would remove the need for many Australians to wade through 205 pages of the annual tax pack, was made possible by a prudent approach to controlling expenditure aimed at returning the Budget to surplus by 2012-2013.

"From an accounting perspective, if a business was making a loss, you would expect management to take decisive action to rein in the loss and return to profitability. The same logic applies to managing the economy's finances, which is why it was critical the government delivered on its commitment to cap real expenditure growth to 2% a year," Mr El-Ansary said.

### Personal tax rates - no change to already legislated rates for 2010-11

The Government did not make any changes to the currently legislated tax rates for 2010-11 (as previously enacted by the Tax Laws Amendment (Personal Income Tax Reduction) Act 2008). This means that for the year commencing 1 July 2010, the resident tax rates will be as follows:

#### Residents: rates and tax payable from 1 July 2010

Taxable income (\$)	Tax payable (\$)
0 - 6,000	Nil
6,001 - 37,000	Nil + 15% of excess over 6,000
37,001 - 80,000	4,650 + 30% of excess over 37,000
80,001 - 180,000	17,550 + 37% of excess over 80,000
180,001+	54,550 + 45% of excess over 180,000

The legislated current and 2010-11 personal tax rates and thresholds for resident individuals (excluding the 1.5% Medicare levy) are (with key changes highlighted in bold):

#### Residents: Personal tax rates and thresholds

Current 2009-10 income year		From 1 July 2010	
Taxable income	(%) Rate (%)	Taxable income	(%) Rate (%)
0 - 6,000	0	0 - 6,000	0
6,001 - <b>35,000</b>	15	6,001 - <b>37,000</b>	15
<b>35,001</b> - 80,000	30	<b>37,001</b> - 80,000	30
80,001 - 180,000	<b>38</b>	80,001 - 180,000	37
180,001+ 45	180,001+ 45		

#### Low income tax offset

1,350	1,500
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The main tax cuts to apply from 1 July 2010 will reduce the tax rate on incomes between \$80,000 and \$180,000 from 38% to 37%, providing tax savings of up to about \$25 per week for those on \$180,000. Also from that date, the low income tax offset will increase from \$1,350 to \$1,500 thereby increasing the effective tax-free threshold to \$16,000 for people earning \$30,000 or less.

#### Low income tax offset

For the current 2009-10 income year, taxpayers are entitled to the low income tax offset of \$1,350 if their taxable income is less than \$63,750. For 2010-11, this upper threshold will increase to \$67,500 to accommodate the previously legislated increase in the offset to \$1,500. The low income tax offset will continue to phase out at a rate of 4 cents in the dollar for every dollar of income over \$30,000.

As a consequence of the increases in the low income tax offset, the income level above which senior Australians (eligible for the senior Australians tax offset) begin to pay tax will increase. This will mean that eligible senior Australians will have no tax liability until their incomes reach:

- \$29,867 for singles and \$25,680 for each member of a couple in the 2009-10 income year;
- \$30,685 for singles and \$26,680 for each member of a couple in the 2010-11 income year.

### Medicare levy

The Medicare levy threshold amount for individuals eligible for the senior Australians tax offset will increase to \$30,685 from 1 July 2010 (up from \$29,867 for 2009-10).

The Medicare levy threshold amount for certain couples eligible for the senior Australians tax offset, where the threshold for single senior Australians is not sufficient to ensure that they incur no Medicare levy liability until they incur an income tax liability, will increase to \$44,500 from 1 July 2010 (up from \$43,500 for 2009-10).

The Medicare levy phase-in limit for individuals eligible for the senior Australians tax offset will also increase to \$36,100 from 1 July 2010 (up from \$35,137 for 2009-10). The Medicare levy phase-in limit that applies to certain couples eligible for the senior Australians tax offset, will also increase to \$52,353 from 1 July 2010 (up from \$51,177 for 2009-10).

### Non-resident individuals

For the year commencing 1 July 2010, the non-resident tax rates are already legislated as follows:

#### Non-residents: rates and tax payable from 1 July 2010

Taxable income (\$)	Tax payable (\$)
0 - 37,000	29%
37,001 - 80,000	10,730 + 30% of excess over 37,000
80,001 - 180,000	23,630 + 37% of excess over 80,000
180,001+	60,630 + 45% of excess over 180,000

The legislated current and 2010-11 personal tax rates and thresholds for non-resident individuals (excluding the 1.5% Medicare levy) are (with key changes highlighted in bold):

#### Non-residents: Personal tax rates and thresholds

Current 2009-10 income year		From 1 July 2010	
Taxable income (\$)	Rate (%)	Taxable income (\$)	Rate (%)
0 - <b>35,000</b>	29	0 - <b>37,000</b>	29
<b>35,001</b> - 80,000	30	<b>37,001</b> - 80,000	30
80,001 - 180,000	<b>38</b>	80,001 - 180,000	37
180,001+	45	180,001+	45

### Medicare levy thresholds increased for 2009-10

From the 2009-10 income year, the Medicare levy low-income thresholds will be increased for singles to \$18,488 (up from \$17,794 for 2008-09) and to \$31,196 for those who are members of a family (up from \$30,025 for 2009-10). The additional amount of threshold for each dependent child or student will also be increased to \$2,865 (from \$2,757).

The Medicare levy low-income threshold for pensioners below Age Pension age will also be increased from 1 July 2009 to \$27,697 (from \$25,299). This increase will ensure that pensioners below Age Pension age do not pay the Medicare levy while they do not have an income tax liability.

**Date of effect**

The measure will apply from 1 July 2009.

**Calculation of SATO corrected**

The regulations affecting the calculation of the rebate threshold for the senior Australians tax offset (SATO) will be amended to correctly factor in the effect of the low income tax offset. The rebate threshold is the amount of rebate income an eligible taxpayer can have before the amount of SATO is reduced. The formula in the regulations for calculating the rebate threshold (in the Income Tax Regulations) currently fails to reflect the fact that the low income tax offset is reduced when taxable income exceeds \$30,000. The regulations will be amended to correct this.

**Date of effect**

The regulations will be amended with effect from 1 July 2010.

**Medical expenses rebate threshold raised**

The medical expenses rebate threshold will increase from \$1,500 to \$2,000 from 1 July 2010. Taxpayers presently receive a rebate equal to 20% of net unreimbursed eligible medical expenses above \$1,500. This \$1,500 threshold will increase to \$2,000. In addition, from 1 July 2011, the threshold will be indexed annually to the Consumer Price Index.

**BUSINESS TAXATION****Look-through treatment for earnout arrangements**

All payments under a qualifying earnout arrangement will be treated as relating to the underlying business asset. Earnout arrangements are used to structure the sale of a business (or business assets) to manage uncertainty about the value of the business.

Under the earnout arrangement, an earnout right may entitle the buyer or seller to additional payments depending on the subsequent performance of the business. Currently, an earnout right is treated as a separate CGT asset. The Budget Papers state that this treatment can result in “anomalous outcomes” for taxpayers where the actual payments under the earnout right differ from the amounts estimated at the start of the arrangement (eg, by reducing access to the CGT small business concessions).

This measure has an ongoing cost to revenue that is estimated to cost \$15 million over the forward estimates period.

**Date of effect**

The measure will have effect from the date of assent of the enabling legislation, with transitional provisions available in certain cases from 17 October 2007.

**Extended CGT demerger relief**

The Government will amend the CGT demerger provisions to allow another member of a demerger group to qualify as the head entity of the group where the existing head entity cannot demerge its interests in the demerger group. The current legislation prevents demerger groups from accessing demerger relief where the head entity is a corporation sole or a complying superannuation entity.

**Date of effect**

The measure will apply to CGT events happening after 7:30pm on 11 May 2010. The Government expects to release draft legislation on the measure at a later date

**Share sale facility exclusion and CGT rollovers**

Legislation will be enacted to allow Australian interest holders to utilise a broader range of CGT rollovers where an entity restructures using a share or interest sale facility for foreign interest holders.

Companies may use a share or interest sale facility to restructure when it would be impractical and expensive for them to comply with requirements in foreign jurisdictions relating to the issuing of interests to their foreign interest holders.

Where a business uses a share or interest sale facility, Australian resident interest holders may not be able to access a relevant CGT roll-over. This is because certain roll-overs require that all interest holders exchange their interests in the original entity for interests in the new entity. Under a share or interest sale facility, new interests which would have been allocated to foreign interest holders are allocated to an agent.

This means, currently, where a business restructures and it uses a share or interest sale facility for foreign interest holders, Australian resident interest holders are unable to access some CGT rollovers. Accordingly, the Government intends to extend the share sale facility exclusion that currently operates in limited circumstances for Authorised Deposit-taking Institutions to operate more broadly for other entities and for other relevant CGT rollovers. The measure is expected to have a negligible revenue impact.

**Date of effect**

The measure will apply to CGT events happening after 7:30pm on 11 May 2010.

**Increased funding to counter cash economy**

The Government will provide \$107.9m over 4 years to the Tax Office to address small business operators who use cash transactions to avoid tax. The Budget Papers state that this is expected to increase the "visibility of the Tax Office in the community". This measure is expected to result in:

- an additional \$491.8m in revenue in fiscal balance terms over 4 years; and
- an increase of \$39.9m in Tax Office administered expenses over the same period.

In underlying cash terms, the expected increase in revenue is \$366.5m over 4 years, including \$146.7m in GST collections that will be paid to the States and Territories.

## **SUPERANNUATION**

Institute of Chartered Accountants disappointed ICAA Tax Counsel, Mr El-Ansary stated that while important changes to superannuation were announced as part of the government's response to the Henry Tax Review, it was expecting residual issues – such as excessive penalties for breaching superannuation contributions caps – would be addressed as part of the Budget.

### **Co-contribution matching rate permanently reduced to 100%**

The Government announced that it will look to permanently set the matching rate for the superannuation co-contribution at 100% and the maximum co-contribution that is payable on an individual's eligible personal non-concessional superannuation contributions at \$1,000.

As a result, the previously-legislated increase in the matching rate to 125% for 2012-13 and 2013-14 (and 150% for 2014-15 and later years) will not proceed.

### **Eligible income thresholds frozen**

In addition, the Government said it will freeze for 2010-11 and 2011-12 the indexation applied on the income threshold above which the maximum superannuation co-contribution begins to phase down.

Under the superannuation co-contribution scheme, the Government currently provides a matching contribution for contributions made into superannuation out of after-tax income. The matching contribution is up to \$1,000 for individuals with incomes of up to \$31,920 in 2009-10 (with the amount available phasing down for incomes up to \$61,920). This measure will freeze these thresholds at \$31,920 and \$61,920 for 2 years.

The Government says this measure follows its earlier announcement proposing a \$500 annual superannuation contribution for individuals with an adjusted taxable income up to \$37,000 in response to the Henry Tax Report: see 2010 WTB 18 [688].

### **Co-contribution administration**

The Government announced that it will provide \$16m over 5 years to the Tax Office to enhance the administration of the existing eligibility requirements for the superannuation co-contribution program (including \$1.1 in 2009-10). Source: Budget Paper No 2 [pp 298-299] by Stuart Jones

### **Minor amendments - excess contributions tax; time limit for deductions**

The Government announced that it will seek to make a number of minor amendments to improve the operation of the superannuation legislation. The amendments will include:

- allowing the Commissioner to exercise discretion for the purposes of excess contributions tax before an assessment is issued;
- clarifying the due date of the shortfall interest charge for the purposes of excess contributions tax;
- increasing the time-limit for deductible employer contributions made for former employees;

- permanently allowing a claim for a deduction for eligible contributions to be made to successor superannuation funds;
- providing new arrangements for public sector defined benefit schemes which fund benefits through “last minute contributions”.

**Date of effect**

The measures will apply from the 2010-11 income year. Source: Budget Paper No 2 [p 49-50] by Stuart Jones

**Super fund deductions for terminal medical condition benefits**

The Government announced that it will seek to extend the range of benefits that are deductible by complying superannuation funds and retirement savings account providers to include terminal medical condition (TMC) benefits. The Government said this proposal addresses an anomaly in the taxation law regarding deductibility by superannuation funds and RSA providers of the costs of providing certain benefits to members/holders. Currently, the Government said deductions are allowable for the cost of providing benefits relating to the death, permanent incapacity and temporary incapacity conditions of release, but not those relating to the TMC condition of release.

**Date of effect**

This measure is proposed to have effect from 16 February 2008, the date the TMC condition of release was introduced into the superannuation legislation.

## **GST MEASURES**

**Reforms to the GST financial supply provisions**

The Government has announced that it will amend the financial supply provisions of the GST law to clarify the operation of the legislation and reduce compliance and administrative costs, particularly for small businesses.

While the Government states that the current architecture of the financial supply provisions will be maintained, the following changes will be made:

- Financial acquisition threshold - the financial acquisition threshold input tax credit will be increased from \$50,000 to \$100,000. According to the Government, the increase will enable more small businesses to avoid being caught up in the financial supply regime.
- Hire purchase agreements - the treatment of hire purchase agreements will be simplified by removing the need to apply different GST treatments to different parts of a supply. The Government states that “by treating the whole supply as taxable”, taxpayers will not need to account for part of the supply as taxable and the other part as input taxed. It is also proposed that the attribution rules for hire purchase arrangements will be made the same for cash and non-cash taxpayers.

- Borrowings - the current special rules for borrowings will be amended to exclude bank deposit accounts.
- Reduced input tax credit - the range of expenses qualifying for a reduced input tax credit (RITC) will be expanded to: (i) include acquisitions related to supplies of life insurance by superannuation funds to their members; (ii) clarify that RITCs will be available for lenders' mortgage reinsurance and lenders' mortgage insurance; and (iii) add a new item covering transactional fraud monitoring services. It is also proposed that the provisions allowing a RITC for trustee and responsible entity services will be amended to prevent the provisions from being used to allow RITCs for all acquisitions. The Government states that there is no change to the current RITC rate of 75%.
- Technical amendments - a technical amendment will be made to clarify the language and relationship between various concepts (guarantee and indemnities).

#### **Date of effect**

The Government has proposed that the amendments will commence from 1 July 2012. The Government states that it will consult with interested parties on implementing the proposed amendments. The proposed amendments are subject to the unanimous agreement of the States and Territories.

#### **Reforms to GST margin scheme**

The Government has announced that it will clarify and simplify the margin scheme provisions contained in Div 75 of the GST Act. The Government states that it will restructure the margin scheme provisions to give prominence to the main principles with exceptions set out separately and insert objects clauses for the key provisions so that the intention is clear.

The Government has also stated that a minor technical amendment will be made to ensure that a valuation can be obtained for the purposes of using the margin scheme for subdivided land.

#### **Date of effect**

The Government has proposed that the amendments to the margin scheme will apply from 1 July 2012.

#### **Revamp of GST-treatment for Australian taxes, fees and charges**

The Government has proposed that the GST provisions relating to Australian taxes, fees and charges (contained in Div 81 of the GST Act) will be replaced with a principles-based legislative exemption. It is intended that the proposed amendments will allow the GST-treatment of an Australian tax, fee or charge to be determined against legislative principles.

It is also intended that the proposed amendments will provide increased certainty to taxpayers and Government agencies as the tax treatment of the tax, fee or charge is not dependent on it being listed in a determination.

#### **Date of effect**

The proposed amendment will commence from 1 July 2011.

## **OTHER MEASURES**

### **Registration of business names**

The Government will establish a national system of registering business names. Currently, businesses have had to register separately in each State and Territory and pay registration fees to each government. Under the proposed measures, businesses will need to register only once and pay only one fee. The administration of business names will be transferred from the States to ASIC. The reforms should result in:

- a single, national online registration system for business names and ABNs;
- a business-friendly way of searching for trademarks;
- a Business Licensing Information Service to give businesses customised information about their regulatory requirements including licences, registrations and permits; and
- online accounts that will allow businesses to access registrations, monitor compliance requirements and access regulatory change notifications from all governments.

### **Family Tax Benefit: proposed amendments**

The Government proposed various amendments to the Family Tax Benefit (FTB). These amendments include:

Non-lodgment of tax returns - the Government will implement a more flexible arrangement where FTB recipients who do not lodge tax returns. While the Government will retain the measure that recipients who have not lodged their tax returns for more than 12 months and have not responded to Centrelink requests to do would not receive FTB payments through fortnightly instalments until they lodge their returns, the proposed amendments will ensure that payments continue to be made if:

- the recipient does not have any FTB debt; or
- the recipient would suffer from undue hardship should the payments cease.
- Improved participation requirements for 16 to 20 years old - the Government will further strengthen the participation requirements announced in the 2009-10 Federal Budget for families with children aged between 16 and 20 who do not have a Year 12 or equivalent qualification to remain eligible for FTB-Part A. The measures announced in the 2009-10 Federal Budget will commence from 1 July 2010. Under the proposed amendment, participation in fulltime education or training will be required in order for families to remain eligible for FTB-A.

### **Reduction in Child Care Rebate**

The Government has announced that it will cap the annual Child Care Rebate to the 2008-09 level of \$7,500 per child from the current annual cap of \$7,778 per child. However, the Government states that the reduction in the Rebate will not alter the percentage of out-of-pocket expenses reimbursed by the Commonwealth. The Government has also announced that it will pause the indexation of the cap for 4 years.

### **Date of effect**

The reduction and pausing of the indexation of the Rebate will commence from 1 July 2010.

### **War Widows Pension: new de facto relationship and eligibility**

The Government announced that it will remove eligibility for the War Widows (or Widowers) Pension for people whom before applying for the Pension, enter into a de facto relationship following the death of their veteran partner.

According to the Government, the proposed amendment will remove an anomaly which allows widows (or widowers) who have entered into a de facto relationship following the death of their veteran partner to claim the Pension, whereas those who have since married cannot claim it.

However, war widows (or widowers) who remarry or enter into a de facto relationship after claiming the Pension will not lose their entitlement under this measure, said the Government.

### **Other social security measures**

A number of social security measures were announced in the Budget, including:

- the Government will provide \$9.7m over 2 years to extend the Distance Education Allowance Supplement of \$1,084 pa per student until 30 June 2011, the Additional Boarding Allowance of \$1,000 pa per student and the consequential ABSTUDY Boarders' rate for School Fees Allowance until 31 December 2011;
- from 1 July 2010, the Community Development Employment Projects (CDEP) program will be indexed by a Wage Cost Index (WCI) consistent with Government indexation arrangements for all programs with substantial wage costs. This will replace the current arrangement whereby the program is annually indexed by a combination of the CPI and the non-farm GDP deflator;
- the Government will amend the eligibility criteria and allowable uses for Special Disability Trusts, to make them more accessible and increase uptake (applicable from 1 January 2011). The definition of a beneficiary will be expanded to include people with a disability who can work up to seven hours per week (excluding work in an Australian Disability Enterprise) and the allowable uses for the trust will be expanded to include all medical expenses, including membership costs of private health funds, maintenance expenses of Special Disability Trust property and discretionary spending of up to \$10,000 per year; and
- the Government will require compensation payers, such as insurance companies, to notify Centrelink prior to making compensation payments to clients, from 1 July 2011. Centrelink will then use this information to assess the recipient's ongoing entitlement to receive Centrelink benefits.

### **Fraud prevention and compliance: Centrelink debts and tax garnishee process**

The Government has announced that it will provide \$5.8m over 4 years (ie 2010-11 to 2013-14 income years) to the Tax Office to improve the current process for garnishing tax returns of ex-Centrelink customers who have an outstanding debt with Centrelink and no arrangement is in place to repay that debt. The Government states that the funding will enable the Tax Office to automatically intercept tax refunds on behalf of Centrelink.

**Related measures**

In addition to the funding to be provided to the Tax Office, the Government has also announced a variety of measures to better protect social welfare payments from fraud and improve compliance.

These measures include:

- combating welfare fund linked to organised crime - the Government will provide \$71m over 4 years to Centrelink to act on information from government intelligence and law enforcement agencies to identify and prevent abuse of the social welfare system by organised crime groups. The Government says the Australian Crime Commission has identified that organised criminal groups use the social welfare system as an income stream and to establish a legitimate cover for criminal activities (eg drug importations, fraud, money laundering and firearms trafficking);
- improving compliance with child support obligations- the Government will provide \$3.7m over 4 years to the Child Support Agency to develop and implement an enhanced compliance capability to help ensure that parents meet their child support obligations.