



Bronwyn Bishop MP

Chairman

House of Representatives Standing Committee on
Family & Human Services

MEDIA RELEASE

28 November 2006

Tax Commissioner to discuss the tax treatment of child care

The Commissioner of Taxation, Michael D'Ascenzo, will brief the House Families Committee on the tax treatment of child care at a public hearing for its inquiry into balancing work and family in Canberra on Wednesday, 29 November at 10.45 am.

The main issues about how child care is taxed are:

- Employer provided child care is subject to fringe benefits tax unless it is conducted on the business premises of the employer. Most employers find it difficult to meet the 'business premises' test, which the Tax Office has interpreted in a public ruling; and
- Tax deductions that are of a private nature are not allowed. The Tax Office has issued an interpretative decision confirming that child care is a private expense.

At the public hearing on 1 November, the Committee took evidence from McMillan Shakespeare, a leading provider of salary packaging services. The firm stated that it had spent \$100,000 in attempting to obtain a private ruling from the Australian Tax Office to provide more flexible salary packaging for child care. McMillan Shakespeare is yet to be successful.

The Committee Chairman Bronwyn Bishop said, "Witnesses have argued at public hearings that the Australian Tax Office is a road block to flexible child care provision. The Committee believes the ATO should have a right of reply".

"In the Welfare to Work program, the government has recognised that child care is a requirement for working. I don't see why one principle applies to people on welfare to work and another applies to people who are already paying tax," the Chairman said.

The public hearing will be webcast live on <http://webcast.aph.gov.au/livebroadcasting/>

PUBLIC HEARING SCHEDULE:

Date: Wednesday, 29 November 2006

Time: 10.45 am – 11.45 am

Venue: Committee Room 1R3, Parliament House, Canberra

Witnesses: Michael D'Ascenzo, Commissioner of Taxation, Erin Holland, Deputy Commissioner and Colin Walker, Assistant Commissioner

For media interview: Please contact Damien Jones on **0409 147 247** at the electorate office of the Committee Chairman, the Hon Mrs Bronwyn Bishop MP.

For further information on the public hearing: contact the Committee secretariat on (02) 6277 4566 or mobile 0421 053 822 or email or visit the website at <http://www.aph.gov.au/house/committee/fhs/workandfamily/index.htm>.