

Senate Community Affairs Committee
ANSWERS TO ESTIMATES QUESTIONS ON NOTICE
Social Services Portfolio
2014-15 Budget Estimates Hearings

Outcome Number: 1

Question No: 89

Topic: Family Payment Reform - Limit Family Tax Benefit Part B to families with children under six years of age and New Family Tax Benefit Allowance

Hansard Page: Written

Senator Brown asked:

Analysis from the National Centre for Social and Economic Modelling (NATSEM) found that these measures result in prohibitively high effective marginal tax rates for single parents. The analysis shows that these budget measures provide a disincentive for single parents to earn more than \$48,000 per annum, because if they do, they will lose the New Family Tax Benefit Allowance completely. Does the Department consider this to be the case?

a) That is, will a single parent who no longer receives FTB B because their child is older than six lose their New Family Tax Benefit Allowance when they earn over \$48,000 per annum?

Answer:

The Single Parent Supplement will only be paid to parents who receive the maximum rate of Family Tax Benefit (FTB) Part A.

a) A single parent will lose the Single Parent Supplement if their adjusted taxable income exceeds the low income free area currently at \$50,151.