

Senate Community Affairs Committee
ANSWERS TO ESTIMATES QUESTIONS ON NOTICE
SOCIAL SERVICES PORTFOLIO
2017-2018 Budget Estimates Hearings

Outcome: National Disability Insurance Agency

Question No: NDIA SQ17-000092

Topic: SDA Payments taxable

Hansard Page: Spoken

Senator Reynolds, asked:

Senator REYNOLDS: I suspect you know where we are going with the next round of questions, Mr Bowen. I have got a series of questions in different areas but I want to start off with a couple of general questions on people with disabilities in aged care. A couple of months ago, at the last estimates, I raised with you the issue of SDA payments and how they will affect a person's DSP or other government payments and whether the payments were taxable for income purposes. You did get a response back on notice. However, it said that you were still consulting with the ATO. I was wondering: have those consultations concluded and do we have a response on that?

Ms Rundle: I cannot give you a complete answer at the moment, except to say that we are still talking to the ATO about this.

Senator REYNOLDS: If you take that one on notice again and let us know as soon as you have heard back from the ATO I would be grateful

Answer:

The following advice regarding National Disability Insurance Scheme (NDIS) payments as part of a participant's NDIS plan has been received by the National Disability Insurance Agency (NDIA) from the Australian Taxation Office (ATO):

Where a registered provider receives an NDIS amount as payment for a good or service they provide, it will be assessable as ordinary income. An NDIS participant who receives a payment as part of their NDIS plan will be tax exempt on that payment, however if they receive an amount in their capacity as a registered provider, the amount is not covered by the exemption.

The *National Disability Insurance Scheme (Specialist Disability Accommodation) Rules 2016 (Part 4) (Part 7.6)* require the provider of Specialist Disability Accommodation (SDA) to be a registered provider of supports with the NDIA, in order to provide SDA funded under the NDIS.

Further, the ATO provided the following reasons:

Under section 52-180 of the Income Tax Assessment Act 1997, an NDIS amount derived by a participant within the meaning of the National Disability Insurance Scheme Act 2013 (NDIS Act) is exempt from income tax.

'NDIS amount' has the meaning given by the NDIS Act as 'an amount paid under the National Disability Insurance Scheme in respect of reasonable and necessary supports funded under a participant's plan'.

Therefore, only amounts of SDA funding that are included in a participant's plan, enabling them to source the SDA they require will be exempt from tax.

An NDIS participant who is also a registered provider of SDA (whether for their own housing or someone else's) and claims an SDA payment, would not be covered under the above exemption as the amount is provided to them as a registered provider, and not as part of their plan as an NDIS participant.

Therefore the amount paid to the participant as a registered provider of SDA would be subject to income tax.