

## Senate Standing Committee on Economics

### ANSWERS TO QUESTIONS ON NOTICE

#### Treasury Portfolio

#### Budget Estimates

31 May – 2 June 2011

**Question No:** BET 54

**Topic:** Education tax refund

**Hansard Page:** 112

#### Senator Bushby asked:

**Senator BUSHBY:** I have some questions about the education tax refund. On 24 July 2010, the *Australian* reported that the number of eligible children for the ETR the government was using was estimated at 2.1 million when the assumptions were previously said to be 2.7 million, a difference of about 600,000 children. The article reported that the ATO told the government some two weeks earlier that a more accurate estimate was only 2.1 million students were eligible for the education tax rebates. When did the ATO first become aware of more accurate estimates for the eligible children?

**Mr Quigley:** Senator, I cannot answer when we became aware but I assume it would be once returns were lodged and the claims were made. I have not got that information with me, I am sorry.

**Senator BUSHBY:** Is that the basis on which you calculated whether it was 2.1 million or 2.7 million or some other figure? Was it on the basis of past claims?

**Mr Quigley:** I am not sure.

**Senator BUSHBY:** You are not sure where you got that figure from?

**Mr Quigley:** No. I am not sure whether we got the figure or Treasury. I assume we would have provided that, but I just do not know.

**Senator BUSHBY:** Is there anybody here who can assist with that from Treasury?

**Mr Heferen:** I am not sure at the moment.

**Mr Quigley:** It is quite possible, Senator, that we actually got the information from Centrelink.

**Senator BUSHBY:** Take that on notice and find out where you got the information from and the date on which you received that information, when you first became aware of it.

**Mr Quigley:** Yes.

**Answer:**

The ATO had not estimated the number of eligible children in relation to the education tax refund until early 2010, when an estimate was provided in the context of 2010-11 Budget preparations.

The number the ATO calculated at that time (2.1 million) differed from the earlier non-ATO figure. The 2.1 million estimate was based on what was by then a greater understanding of data from the Department of Families, Housing, Community Services and Indigenous Affairs and a greater understanding of shared-care situations (where one child can generate two claims), as well as up-to-date income tax return data (noting that the refund was first available in the 2008-09 income year).

In 2010 the ATO first estimated the number of eligible children in relation to the education tax refund in the context of 2010-11 Budget preparations. This estimate of 2.1 million children was based on:

- data provided by the Department of Families, Housing, Community Services and Indigenous Affairs
- allowing for different situations such as shared-care (where one child can generate two claims), and
- incorporation of up-to-date income tax return data. This refund was first available in the 2008-09 income year.