

Senate Finance and Public Administration Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Finance and Administration Portfolio

Department of Human Services and agencies

Additional Estimates 2005-2006, 14 February 2006

Question: HS1

Outcome 1, Output 2

Topic: Child Support Agency – Tax Treatment of Child Support

Hansard Page/Written Question on Notice: F&PA 98

SENATOR EVANS asked on 14/2/2006:

Senator CHRIS EVANS – Currently, child support is treated differently to the tax family benefit equation, isn't it? It is separately calculated – is that right?

Mr Leeper – There are some in the room more expert than me, but my understanding at a general level is that child support liabilities are generally driven by taxable income, as family tax benefit is. The level of family tax benefit received can in part be impacted by the level of child support received under something called the maintenance income test.

Senator CHRIS EVANS – Yes. I am referring to the end of the year reconciliation, where the family tax entitlement is now rolled into the tax entitlement so that you either get one bill or one credit. My understanding is that the child support is still separate. Is that right?

Mr Leeper – I am not on sure ground here, Senator. It might be safer for us to ask if we could have Centrelink at the table or to hold that question until Centrelink is in the room if you do not mind.

Answer:

Child support is calculated and is payable on a monthly basis. The amount payable is updated when the Australian Taxation Office issues a new tax assessment. Family Tax Benefit (FTB) can be claimed by a parent in their annual tax return and would be paid, or reconciled, together with any tax refund due when the parent lodges their tax return. This is totally separate to the calculation and payment of child support, however, CSA can recover a child support debt by garnisheeing a parent's FTB or tax refund.

This answer required 1 hour at a cost of \$60 to prepare.