



**Australian Government**  

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**The Treasury**

3 October, 2008

Mr John Hawkins  
Committee Secretary  
Senate Economics Committee  
Department of the Senate  
PO Box 6100  
Parliament House  
CANBERRA ACT 2600

Dear Mr Hawkins

**INQUIRY INTO TAX LAWS AMENDMENT (EDUCATION REFUND) BILL 2008**

Thank you for your email of 26 September 2008 notifying Treasury of the referral of the Tax Laws Amendment (Education Refund) Bill 2008 (the Bill) to the Senate Economics Committee.

The Education Tax Refund (ETR) is designed to assist eligible families with the costs of certain educational expenses associated with children undertaking primary or secondary studies.

The ETR is a refundable tax offset that, upon passage of the legislation, will be available to parents and others who are entitled to Family Tax Benefit (FTB) Part A, or similar payments, for children undertaking primary or secondary school studies.

Under the ETR, eligible families will be able to claim a 50 per cent refund providing up to:

- \$375 per primary school child, per year for eligible expenses of up to \$750 per year; and
- \$750 per secondary school child, per year for eligible expenses of up to \$1,500 per year.

Eligible expenses that can be claimed under the ETR include:

- laptops, home computers and associated costs including printers and paper;
- home internet connection;
- educational software;
- school textbooks and associated materials; and
- prescribed trade tools.

These items may be acquired by way of purchase, lease, hire, or hire-purchase.

While the ETR is designed to assist with education costs, some expenses will not be eligible for the offset. These include school fees, school uniform expenses, costs of excursions, tutoring costs, game consoles, and school subject levies.

In selecting the list of eligible educational expenses the Government endeavoured to strike an appropriate balance between responsible fiscal policy and providing financial assistance for the costs of education.

The offset will apply to eligible expenses incurred from 1 July 2008. Parents and others can claim the offset against eligible education expenses in their 2008-09 income tax return. Those who are not required to lodge an income tax return will be able to claim the ETR by lodging a separate form to be available from the Australian Taxation Office.

In addition, see the explanatory memorandum to the Bill for further details about the ETR.

It is estimated that around 1.3 million families (with 2.7 million students) will be eligible for the ETR.

I trust this information will be of assistance to the Inquiry. Please do not hesitate to contact me on 02 6263 3890 or Tony Coles on 02 6263 3215 if you have any questions regarding any of the information provided or if we can be of any further assistance to the Committee.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Mark O'Connor', written over a horizontal line.

Mark O'Connor  
Principal Adviser  
Personal & Retirement Income Division