



Australian Senate  
Select Committee on Superannuation  
Parliament House  
Canberra ACT 2600

Attention: Sue Morton

Dear Ms Morton

Thankyou for your letter, dated 27 May 2002, regarding your request for advice in relation to section 27CAA of the *Income Tax Assessment Act 1936*. I apologise for the delay in responding.

The *Child Support (Assessment) Act 1989* provides that income used in an assessment of child support is the amount of taxable income worked out under the *Income Tax Assessment Act 1936* or the *Income Tax Assessment Act 1997*.

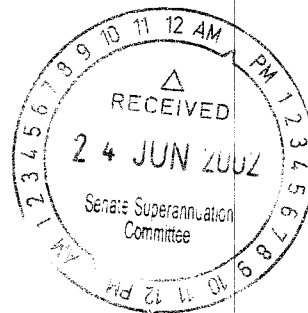
Accordingly, income under section 27CAA, will be used in an assessment of child support if the income was included when working out the taxable income under the *Income Tax Assessment Act 1936* or the *Income Tax Assessment Act 1997*. I have enclosed the relevant extracts from the child support legislation.

Should you need more information about this matter please contact Damien Jolley on 6272 8339.

Yours sincerely

Sheila Bird  
A/g General Manager  
Child Support Agency

20 June 2002



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**CHILD SUPPORT (ASSESSMENT) ACT 1989  
- SECT 38**

**Liable parent's child support income amount**

The liable parent's *child support income amount* in relation to the days in the child support period is, subject to section 38A and to Division 3, the total of:

- (a) the amount of the liable parent's taxable income under the *Income Tax Assessment Act 1936* or the *Income Tax Assessment Act 1997* for the liable parent's last relevant year of income in relation to the child support period; and
- (b) the liable parent's supplementary amount for the liable parent's last relevant year of income.

Note: For *supplementary amount* see section 38A.

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## CHILD SUPPORT (ASSESSMENT) ACT 1989

### - SECT 38A

#### Liable parent's supplementary amount

- (1) The liable parent's *supplementary amount* for a year of income is the total of:
  - (a) the liable parent's exempt foreign income; and
  - (b) the liable parent's rental property loss; and
  - (c) the liable parent's reportable fringe benefits total (if any) for the year of income.
- (2) The liable parent's *exempt foreign income* is the total amount of the liable parent's income that is exempt from tax under section 23AF or 23AG of the *Income Tax Assessment Act 1936*, reduced by the total amount of losses and outgoings (except capital losses and outgoings) incurred by the liable parent in deriving that exempt income.
- (3) The amount of the liable parent's exempt foreign income cannot be reduced below nil under subsection (2).
- (4) The liable parent's *rental property loss* is the amount (if any) by which the amount of the liable parent's allowable deductions under the *Income Tax Assessment Act 1997* in respect of rental property exceeds the liable parent's rental property income (other than rental property income derived by him or her as a member of a partnership).