

HOUSE OF REPRESENTATIVES

Supplementary Order Paper

Wednesday, 11 March 1992

TAXATION REFORM BILL (NO. 4)

Proposed Amendments

Hon. WYATT CREECH, in Committee, to move the following amendments:

Clause 2: To insert after line 6 on page 3 the following subclause:

(1A) Section 2 of the principal Act is hereby further amended by inserting in paragraph (ca) of the definition of the term "salary or wages" (as inserted by section 63 (1) of the Income Tax Amendment Act (No. 5) 1988), after the expression "Education Act 1964", the expression ", section 303 of the Education Act 1989, or any enactment in substitution therefor".

Clause 10: To omit from line 14 on page 10 the word "Commissioner", and substitute the words "High Court".

Clause 11: To insert after line 23 on page 11 the following subclause:

(2A) Section 61 (37) of the principal Act (as amended by section 64 (1) of the Income Tax Amendment Act (No. 5) 1988) is hereby amended by inserting, after the expression "Education Act 1964", the expression ", section 303 of the Education Act 1989, or any enactment in substitution therefor".

New clause 12A: To insert after line 21 on page 12 the following clause:

12A. Items included in assessable income—Section 65 (2) (da) of the principal Act (as inserted by section 65 (1) of the Income Tax Amendment Act (No. 5) 1988) is hereby amended by inserting, after the expression "Education Act 1964", the expression ", section 303 of the Education Act 1989, or any enactment in substitution therefor".

Clause 14: To omit from line 22 on page 13 the expression "(6)", and substitute the expression "(8)".

New clause 20A: To insert after line 23 on page 19 the following clause:

20A. Interpretation—family support credit of tax—Section 374A of the principal Act (as inserted by section 17 (1)

of the Income Tax Amendment Act (No. 2) 1986) is hereby amended by inserting in paragraph (b) of the definition of the term "financially independent" (as inserted by section 13 (3) of the Income Tax Amendment Act (No. 2) 1991), after the expression "(S.R. 1988/308)", the expression "the Student Allowances Regulations 1991 (S.R. 1991/295), or any regulations in substitution therefor".

New Part VIII (clauses 55 and 56): To insert, after line 30 on page 36, the following Part:

PART VIII

CHILD SUPPORT

55. This Part to be read with Child Support Act 1991— This Part of this Act shall be read together with and deemed part of the Child Support Act 1991* (hereafter in this Part referred to as the principal Act).

*1991, No. 142

56. Meaning of term "living allowance"—(1) Section 30 (5) of the principal Act is hereby amended by repealing paragraph (c) of the definition of the term "dependent child".

(2) This section shall apply with respect to child support payable in relation to the child support year commencing on the 1st day of July 1992 and subsequent years.

EXPLANATORY NOTE

The amendments to *clauses 2 and 11*, and the new *clauses 12A and 20A*, update references in sections 2, 61, 65, and 374A of the Income Tax Act 1976 to the now repealed Education Act 1964 and the Student Allowances Regulations 1988.

The amendment to *clause 10* substitutes a reference to the High Court for a wrong reference to the Commissioner.

The amendment to *clause 14* corrects a wrong subsection number.

The new *Part VIII* is inserted to amend section 30 of the Child Support Act 1991 to allow shared custody children to be taken into account in determining living allowances under the Act in the same way as full custody children.

The living allowance is a fixed amount which is deducted from a liable parent's income before child support is calculated. The living allowance varies according to the size of the liable parent's family. But paragraph (c) of the definition of "dependent child" in section 30 (5) excludes from the definition those children in respect of whom the person is liable to pay child support under the Act. Therefore if, for example, 2 parents share ongoing daily care of a child substantially equally, both parents may be liable to pay child support in respect of the child to each other, but neither parent will be entitled to an increased living allowance to reflect the costs of the shared custody of that child.

Paragraph (c) of the definition, which is repealed by the new *clause 56*, was included in error. Government policy was that both parents of a shared custody child should be entitled to an increased living allowance.