

Senate Economics Legislation Committee

Tax and Superannuation Laws Amendment (2015 Measures No.1) Bill 2015

Remove an entitlement to Dependant Spouse Tax Offset (DSTO) where it is made available as a component of another tax offset, and replace that component with a component made up of Dependant (Invalid and Carer) Tax Offset (DICTO)

Dear Senators,

The current legislation permits an eligible taxpayer to claim notational zone tax offset (ZTO) for a dependant spouse.

The proposed law will only be available to eligible taxpayers who maintain a dependant spouse who is eligible for the new Dependant (Invalid and Carer) Tax Offset (DICTO). No other notional dependant spouse zone tax offset would be available.

Nearly 7 million Australians live in remote and regional areas. The proposed changes will cause particular financial hardship for many lower paid taxpayers with a dependant spouse and or children living in remote areas of Australia.

The proposed Bill does not fit with the Government's 'Vision for the North and our Regions' outlined in the Government's 2015 Budget. The Budget advises of provision for '\$100 million to improve the roads and supply chains involved in getting cattle to market.' Unfortunately, many low paid taxpayers may have difficulty buying beef because of their reduced cash flow. The Government is 'encouraging businesses to invest, expand and create jobs in Australia's regions.' However, the proposed Bill is certainly not encouraging workers to remain or move to remote zones.

The 2015 Budget 'Appendix D - Major Initiatives' estimates revenue for 2016-17 of \$105 million at Personal income tax – better targeting the Zone Tax Offset to exclude 'fly-in fly-out' and 'drive-in drive-out' workers. However, any revenue raised by abolishing the notional remote zone spouse offset, other than for taxpayers eligible for DICTO, does not appear as a separate item.

The proposed Bill to abolish the dependant spouse for notional remote zone offset from 1 July 2014, other than for taxpayers eligible for DICTO, is a minor budgetary revenue measure that will have a detrimental impact on many low paid workers in regional Australia.

I implore the Senate to reject the abolition of the dependant spouse for notional remote zone offset at the Tax and Superannuation Laws Amendment (2015 Measures No.1) Bill 2015.

With Appreciation,

Wayne McEvoy FIPA