Date introduced: 19 August 1986
House: House of Representatives
Presented by: Hon. Chris Hurford, M.P.,
Minister Assisting the Treasurer

DIGEST OF BILL

Purpose

The Bill will introduce a number of minor Budget measures, including those relating to pensioner rebates, as well as amending a number of Acts as a consequence of the Income Tax Rates Bill 1986.

Outline

The amendments to be made by this Bill are contained in the Schedule. The majority of the clauses relate to commencement dates or the transitional rates of tax in 1986-87.

Main Provisions

Clause 3 will amend various Acts as set out in the Schedule to the Bill. The major amendments will be:

. the rebate for medical expenses will be reduced from 30% of eligible expenses to 29%. This amendment will have effect from 1 July 1986 (sub-clause 4(2)). By sub-clause 4(3) the rate will be 29.42% in 1986-87;

. the rebate for interest payments on home loans will also be reduced from 30% to 29%. This amendment will apply
from 1 July 1986 (sub-clause 4(2)). By sub-clause 4(4) the rate will be 29.42% in 1986-87;

. the level where the pensioner rebate for maintaining dependants begins to phase out will be increased from $5595 to $6142. The amount in 1986-87 will be $5914 (sub-clause 4(5)) and the amendments will have effect from 1 July 1986 (sub-clause 4(2));

. the level of income at which the rebate that may be received by married or de facto benefit recipients phases out will be increased to $9436 for married recipients and $5669 for others. In addition, the amount of rebate will be increased by $60 to $280 for married recipients and by $20 to $190 for others. The amendments will apply from 1 July 1986 (sub-clause 4(2));

. the rate of tax on termination payments and the post-June 1983 component of lump sum superannuation payments will be altered to reflect the new marginal tax rates. Sub-clause 4(7) contains the rates for 1986-87. The amendments will apply from 1 July 1986 (sub-clause 4(2));

. the rate of tax under the Income Tax (Bearer Debentures) Act 1971 will be reduced to reflect the new tax rates;

The remaining amendments in the Schedule are a result of the new rates applying in 1986-87 and subsequent years.

For further information, if required, contact the Economics and Commerce Group.

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LEGISLATIVE RESEARCH SERVICE

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