

Senate Community Affairs Committee

ANSWERS TO ESTIMATES QUESTIONS ON NOTICE

HEALTH PORTFOLIO

Budget Estimates 2017 - 2018, 29 May 2017

Ref No: SQ17-000771

OUTCOME: 2 - Health Access and Support Services

Topic: Scholarships

Type of Question: Written Question on Notice

Senator: Watt, Murray

Question:

- a) Has the Government reached a decision on whether there will be any changes to the tax exempt status of bonded scholarships, if so what has been decided?
- b) Will existing students under the Medical Rural Bonded Scholarships (MRBS) be affected by a change to the tax exempt status and if so how many?
- c) Are there any other existing scholarships which would be affected?
- d) Will a change in the taxation status effectively reduce the value of the scholarships?
- e) Will the scholarships be increased to compensate students?
- f) What is the expected saving if these scholarships are taxed and will any savings be directed back into Health?
- g) Would a change have an impact on any scholarships to be offered under the Health Workforce Scholarship Program?

Answer:

The Australian Tax Office (ATO) released a paper, *Review of ATO advice on Scholarships*, on 1 February 2017, for consultation. The ATO has advised that the purpose of the paper was to facilitate consultation between the ATO and the community in order to gain a better understanding of current day scholarships arrangements. The ATO consults widely with taxpayers, businesses and professional associations.

The ATO has further advised that as a matter of standard practice, any change of view would be prospective.

The outcomes of the consultation process are still under consideration by the ATO.