

Senate Economics Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Supplementary Budget Estimates

2014 - 2015

Department/Agency: Australian Taxation Office

Question: SBT 63

Topic: Tax treatment under the NDIS

Reference: Written – 29 October 2015

Senator: Siewert, Rachel

Question:

63. What work has the Australian Taxation Office undertaken in relation to the tax law treatment of support provided under the National Disability Insurance Scheme, in particular since the launch of the scheme?

Answer:

63. The Australian Taxation Office (ATO), collaborated with the Treasury on legislative design to ensure that amounts paid under the *National Disability Insurance Scheme (NDIS) Act 2013* in respect of reasonable and necessary supports to a participant are exempt from income tax, with deductions and/or depreciation of capital assets and certain other capital expenditure not applying where related to those exempt NDIS amounts.

Legislative amendments were also made to the *A New Tax System (Goods and Services Tax) Act 1999* (GST Act) to include a new section to provide GST-free treatment for a supply of a support to a participant in accordance with their individual plan where the support is of a kind covered by legislative instrument, where the other requirements of the new law were satisfied. The legislative instrument was developed in consultation with the National Disability Insurance Agency¹ (NDIA), the Treasury and all States and Territories to outline the type of supports included in a participant's plan that were intended to remain GST-free.

Since the launch of the NDIS, the ATO has implemented the following to provide assistance to those affected:

- Guidance materials on ato.gov.au covering both income tax and GST.
- Scripting for ATO call centre staff to provide oral advice regarding the taxation implications for the NDIS.
- Industry alerts outlining proposed GST law changes and income tax law changes relating to the NDIS distributed to various peak disability organisations funded by the Department of Families, Housing, Community Services and Indigenous Affairs.
- NDIS tax information included in tax agent webinar presentations.
- On request, support through private rulings, general guidance, and at forums.

¹ formerly Australian Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA)

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In addition, the ATO worked with NDIA to develop a model agreement for use between suppliers and participants to ensure that the requirements of the new GST law were met.