

## **EXPLANATORY STATEMENT**

### **Select Legislative Instrument 2009 No. 158**

#### **Issued by authority of the Assistant Treasurer**

*Taxation Administration Act 1953*

*Taxation Administration Amendment Regulations 2009 (No. 1)*

Section 18 of the *Taxation Administration Act 1953* (the Act) provides that the Governor-General may make regulations, not inconsistent with the Act, prescribing all matters which by the Act are required or permitted to be prescribed, or which are necessary or convenient to be prescribed for giving effect to the Act.

The Government announced in the 2008-09 Budget that it would simplify the delivery of the family tax benefit and that from 1 July 2009 it will only be paid and claimable through Centrelink or Medicare, not through the tax system.

The purpose of the amending regulations is to ensure that individuals entitled to be paid family tax benefit through Centrelink or Medicare cannot use this entitlement to reduce the amount of tax withheld from income from other sources. Under the new arrangements, an individual (for example, an employee) who expects to receive a withholding payment from an entity (for example, an employer) will no longer be able to make a declaration to that entity to have the family tax benefit anticipated via a reduced withholding.

Paragraph 26(1)(h) of the *Taxation Administration Regulations 1976* provided that an individual may make a declaration in respect of the family tax benefit. Subregulation 30(3) of the *Taxation Administration Regulations 1976* provided that a new declaration is required to be given by an individual to an entity (making the withholding payment) when that individual lodges a claim for the family tax benefit.

The Regulations removed paragraph 26(1)(h) and subregulation 30(3) from the *Taxation Administration Regulations 1976* to ensure that individuals cannot make a declaration in regard to their entitlement to the family tax benefit. As the family tax benefit will not be paid and claimable through the tax system, it is no longer appropriate for individuals to be able to make a declaration.

Public consultation was not undertaken in relation to the Regulations as the Regulations make only minor amendments to the *Taxation Administration Regulations 1976* as a consequence of the Government's decision to alter the way in which the family tax benefit is administered.

The Regulations are a legislative instrument for the purposes of the *Legislative Instruments Act 2003*.

The Regulations commenced on the day after they were registered on the Federal Register of Legislative Instruments.