

This Determination, to the extent that it is capable of being a 'public ruling' in terms of Part 4VAAA of the *Taxation Administration Act 1953*, is a public ruling for the purposes of that Part. Taxation Ruling TR 92/1 explains when a Determination is a public ruling and how it is binding on the Commissioner. Unless otherwise stated, this Determination applies to years commencing both before and after its date of issue. However, this Determination does not apply to taxpayers to the extent that it conflicts with the terms of a settlement of a dispute agreed to before the date of issue of the Determination (see paragraphs 21 and 22 of Taxation Ruling TR 92/20).

Taxation Determination

Income tax : is a taxpayer entitled to a beneficiary rebate if exempt foreign employment income is derived in addition to assessable income which includes Job Search or New Start allowances?

1. Yes. A taxpayer is entitled to a beneficiary rebate under section 160AAA of the *Income Tax Assessment Act 1936* according to the amount of taxable income of the taxpayer. A full beneficiary rebate is available if the taxable income does not exceed the rebate threshold.

2. Subsection 23AG(3) applies to determine the amount of tax (if any) payable if a taxpayer's income consists of exempt income (ie. under subsection 23AG) and non-exempt income. From the amount of tax calculated under subsection 23AG(3), an amount of beneficiary rebate (if any) will be deducted to give the net tax payable on the taxable income if it includes a payment under Job Search or New Start allowance.

Example:

During the income year of 1992-93, a taxpayer is over 21 years, single with no dependent children and has the following income:

foreign employment income (exempt under 23AG)	\$25,000
job search or new start allowance	\$ 5,500
other assessable income eg.wages in Australia	\$ 500
(assume no allowable deductions)	

As the taxable income of \$6,000 is less than the rebate threshold of \$7,620, the taxpayer is entitled to the full beneficiary rebate of \$444.

The amount of tax payable in respect of the taxable income (job search or new start allowance and wages in Australia) using the personal income tax rates applicable for the 1992/93 financial year is:

<u>Notional gross tax</u>	x	Other taxable income
Notional gross taxable income		
= \$7,361 (incl. Medicare levy)	x	\$6000
\$31,000		
= \$1,424.70 less beneficiary rebate of \$444		
= \$980.70		

If the taxable income of the taxpayer is more than the cut-out threshold (in the example, \$11,172) no beneficiary rebate will be allowed and the taxpayer will be liable to pay tax in accordance with subsection 23AG(3).

Commissioner of Taxation

13/5/93

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Related Determinations:

Related Rulings:

Subject Ref: beneficiary rebate, exempt income, social security benefits

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