


TD 93/D51 - Income tax : can a taxpayer who earned foreign employment income exempt under section 23AG and taxable income including Job Search or New Start allowances during an income tax year be entitled to a beneficiary rebate?

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This document has been finalised by TD 93/84.

Draft Taxation Determinations (TDs) represent the preliminary, though considered, views of the ATO. Draft TDs may not be relied on; only final TDs are authoritative statements of the ATO.

Draft Taxation Determination

Income tax : can a taxpayer who earned foreign employment income exempt under section 23AG and taxable income including Job Search or New Start allowances during an income tax year be entitled to a beneficiary rebate?

1. Yes. A taxpayer would be entitled to a beneficiary rebate according to the amount of taxable income of the taxpayer of a year of income. A full beneficiary rebate would be allowed where the taxable income is equal to or less than the rebate threshold.

2. Subsection 23AG(3) would apply to determine the amount of tax (if any) payable in respect of other income received where income of a taxpayer of a year of 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 where 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:

<i>foreign employment income(exempt under 23AG)</i>	\$25,000
<i>job search or new start allowance</i>	\$ 5,500
<i>other assessable income eg.wages in Australia</i>	\$ 500

As the taxable income of \$6,000 is less than the rebate threshold of \$7,640, the taxpayer is entitled to the full beneficiary rebate of \$448.

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	x	\$6000
\$31,000		
=\$1,424.71 less beneficiary rebate of \$448		
=\$976.71		

If the taxable income of the taxpayer is more than the cut-out threshold (in the example, \$11,124) no beneficiary rebate will be allowed and the taxpayer will be liable to pay tax in accordance with subsection 23AG(3).

FOI INDEX DETAIL: Reference No.

Related Determinations:

Related Rulings:

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

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