


GSTD 2001/1A2 - Addendum - Goods and services tax: what is the GST treatment of the administration levy paid by parents and carers to a Family Day Care Scheme and Child Care Benefits (CCB) paid to carers by a Family Day Care Scheme on behalf of parents?

 This cover sheet is provided for information only. It does not form part of *GSTD 2001/1A2 - Addendum - Goods and services tax: what is the GST treatment of the administration levy paid by parents and carers to a Family Day Care Scheme and Child Care Benefits (CCB) paid to carers by a Family Day Care Scheme on behalf of parents?*

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Addendum

Goods and Services Tax Determination

Goods and services tax: what is the GST treatment of the administration levy paid by parents and carers to a Family Day Care Scheme and Child Care Benefits (CCB) paid to carers by a Family Day Care Scheme on behalf of parents?

This Addendum is a public ruling for the purposes of the *Taxation Administration Act 1953*. It amends Goods and Services Tax Determination GSTD 2001/1 to reflect consequential amendments made to the *A New Tax System (Goods and Services Tax) Act 1999* (GST Act) by the *Family Assistance Legislation Amendment (Jobs for Family Child Care Package) Act 2017* which is an Act to amend the law, relating to family assistance, child care and other related purposes.

GSTD 2001/1 is amended as follows:

1. Title

Omit the title, substitute:

Goods and services tax: what is the GST treatment of the administration levy paid by parents and carers to a Family Day Care Scheme and Child Care Subsidy paid to an approved Family Day Care Service Provider to be passed on to parents as a fee reduction?

2. Paragraph 5

Omit the paragraph, including footnotes 1 and 2; substitute:

5. Child care is GST-free under section 38-145 of the *A New Tax System (Goods and Services Tax) Act 1999* (GST Act) if it is a supply of child care by an approved child care service. The term 'approved child care service' is defined in section 3 of the *A New Tax System (Family Assistance) (Administration) Act 1999* (Family Administration Act) to have the meaning given by section 194G of that Act. An 'approved child care service' includes a family day care service if an approved provider is approved in respect of that service under the Family Administration Act.

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3. Paragraph 6

(a) Omit the paragraph; substitute:

6. A supply of child care will also be GST-free where the supplier of the child care is eligible for funding from the Commonwealth in respect of the kind of child care specified in a determination made by the Child Care Minister³.

(b) Omit the wording of footnote 3; substitute:

Section 38-150 of the GST Act.

4. Paragraph 7

(a) In the first sentence omit 'legislation'; substitute 'GST Act'.

(b) In paragraph (a), omit '38-140'.

5. Paragraph 8

(a) In the second sentence omit the words 'schemes to provide'; substitute 'the provision of'.

(b) In the last dot point omit 'CCB entitlements for Carers'; substitute 'Child Care Subsidy (CCS) entitlements'.

6. Paragraph 13

(a) In the heading, omit 'Child Care Benefit (CCB)'; substitute 'Child Care Subsidy'.

(b) Omit the paragraph; substitute:

13. An eligible parent or guardian whose child is attending an approved child care service will be entitled to the CCS in relation to child care services supplied.

7. Paragraph 14

Omit the paragraph; substitute:

14. Where the CCS is paid directly to the approved child care service provider it is passed on to parents or guardians as a fee reduction. The approved child care service provider submits session reports to the relevant Department that calculates and pays the CCS entitlements to the approved child care service provider.

8. Paragraph 15

Omit the paragraph (excluding footnote 5); substitute:

15. The CCS is a payment for child care services and reduces the child care fees payable by the parent or guardian. The CCS payment is considered to be a co-payment for GST purposes, as the payment is made to the approved child care service provider on behalf of an identifiable third party (i.e., parent or guardian) even though the parent or guardian does not make the payment of CCS. Families make a co-contribution to their child care fees and pay the child care service provider the difference between the fee charged and the CCS amount.

Accordingly, if the child care service supplied to the parent is GST-free⁵, the CCS payment will be consideration for a GST-free supply and the payment will not include a GST component.

9. Subject references

Omit the subject references, and heading.

10. Legislative references

Omit Legislative references; substitute:

- ANTS(GST)A 1999
- ANTS(GST)A 1999 9-80
- ANTS(GST)A 1999 38-145
- ANTS(GST)A 1999 38-150
- ANTS(GST)A 1999 38-155
- A New Tax System (Family Assistance)(Administration) Act 1999 3
- TAA 1953 Sch 1 Div 358

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This Addendum applies on and from 2 July 2018.

Commissioner of Taxation

27 March 2019

ATO references

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ATOlaw topic: Goods and services tax ~~ Other GST topics (A to M) ~~ Child care

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