

**Australian Government****Australian Taxation Office**

30% child care tax rebate instructions and transfer advice for individuals 2006

For people who are not required to lodge an income tax return and want to transfer their 30% child care tax rebate to their spouse



For more information visit
www.ato.gov.au

OUR COMMITMENT TO YOU

We are committed to giving you information and advice you can rely on and we have made every effort to ensure these instructions are accurate.

If you feel this publication does not fully cover your circumstances, please seek help from us or a professional adviser.

The information in this publication is current at May 2006. We regularly revise our publications to take account of any changes to the law, so make sure that you have the latest information. If you are unsure, you can check for a more recent version on our website at www.ato.gov.au or contact us.

What are your responsibilities?

It is your responsibility to lodge a transfer advice that is signed, complete and correct. Even if someone else – including a tax agent – helps you to prepare your transfer advice, you are still legally responsible for the accuracy of your information.

If you become aware that your transfer advice is incorrect, you must contact us straight away.

© COMMONWEALTH OF AUSTRALIA 2006

This work is copyright. Apart from any use as permitted under the *Copyright Act 1968*, no part may be reproduced by any process without prior written permission from the Commonwealth available from the Attorney-General's Department. Requests and enquiries concerning reproduction and rights should be addressed to the Commonwealth Copyright Administration, Attorney-General's Department, Robert Garran Offices, National Circuit, Barton ACT 2600 or posted at <http://www.ag.gov.au/cca>

PUBLISHED BY

Australian Taxation Office
Canberra
May 2006

WHAT IS THE 30% CHILD CARE TAX REBATE?

This tax rebate helps families with the cost of approved child care. The rebate is 30% of your out-of-pocket expenses for approved child care you had to pay in the previous year of income. This means that for the 2005–06 income year, you can claim for the out-of-pocket expenses you had to pay in the income year 2004–05.

Out-of-pocket expenses are your total fees for approved child care expenses less the child care benefit (CCB) to which you are entitled.

How does the 30% child care tax rebate work with CCB?

- You can claim both the rebate and CCB.
- You claim the 30% child care tax rebate from the Tax Office on your income tax return.
- CCB must be claimed from the Family Assistance Office (FAO).
- The amount you receive for the 30% child care tax rebate will not affect your CCB entitlement.
- The FAO will provide your CCB information to the Tax Office.

ARE YOU ELIGIBLE FOR THE REBATE?

You can claim the rebate for child care fees you had to pay if for at least one week in the period 1 July 2004 to 30 June 2005:

- you used approved child care
- you were entitled to receive CCB, and
- you passed the CCB work/training/study test.

WHO ARE THESE INSTRUCTIONS FOR?

You can use these instructions if:

- you are eligible to claim the 30% child care tax rebate
- you do not need to lodge a 2006 tax return, and
- you want to transfer your 30% child care tax rebate entitlement for the 2005–06 income year to your spouse.

The rebate may then be used to reduce your spouse's tax liability. You can only transfer the unused rebate to the person who was your spouse on 30 June 2006.

If you are required to lodge an income tax return, the rebate must be claimed on your 2006 income tax return. Do not use this transfer advice.

HOW DO YOU TRANSFER YOUR REBATE?

If you are not required to lodge an income tax return, you can transfer your rebate to the person who was your spouse on 30 June 2006 using any of the following options:

- visiting our website at www.ato.gov.au and using e-tax to lodge your transfer advice. Most claims are processed within 14 days

- following these instructions and completing the transfer advice at the back of this publication. You must then lodge the transfer advice with the Tax Office
- going to a registered tax agent.

You also need to complete a *Non-lodgment advice 2006* (NAT 2586–6.2006). To get this form, visit our website at www.ato.gov.au

If you do transfer your rebate to your spouse and they have already lodged their 2006 tax return, we will, if required, amend their tax return to include the rebate.

You may also be eligible to use the Tax Help service. Please see the back cover for more information.

EXPLANATION OF TERMS

Approved child care is care provided by a service provider that participates satisfactorily in the Australian Government funded quality assurance system and has been approved to receive CCB payments on behalf of eligible families. Most providers of long day care, family day care, before and after school care, and vacation care are approved child care providers.

Some child care is registered care and you cannot claim the 30% child care tax rebate for the cost of using this type of care. Examples of registered care are care provided by nannies, grandparents, relatives or friends. If you are unsure if your child care is approved, contact your child care provider or phone the child care access hotline on Freecall **1800 670 305** (TTY Service Freecall **1800 639 327**).

Child care benefit (CCB) is a payment made by the FAO to assist with the cost of child care. You can receive CCB for approved child care during the year either as direct payments to the child care provider to reduce the fees you have to pay to them, or as a lump sum payment to you after 30 June each year. If you are eligible you can receive some CCB regardless of your family's income. If you have not received CCB for approved child care please contact the FAO on www.familyassist.gov.au or phone **13 61 50**.

CCB entitlement is the amount of CCB you were actually entitled to for each child for the period 1 July 2004 to 30 June 2005. This amount may be different to the 'CCB paid as reduced fees'.

CCB paid as reduced fees describes the CCB paid by the FAO directly to your child care provider during the year.

CCB work/training/study test is administered by the FAO. You pass the test if you are in paid work, are actively looking for paid work, are studying or training. You may also pass the test in other circumstances such as where you have to care for a child or an adult with a disability. If you are unsure if you passed this test contact the FAO on www.familyassist.gov.au or phone **13 61 50**.

Total fees are the gross amount of child care fees you had to pay for the year. It includes 'CCB paid as reduced fees'.

WHAT YOU NEED

To complete the worksheet on the next page you will need to know your total fees for step 1 and your CCB entitlement for step 2.

For most people, the 'total fees' amount will be the same as the 'total fee for eligible CCB hours' amount which is available from the FAO. You can access your total fee for eligible CCB hours and your CCB entitlement by:

- going to the website **www.familyassist.gov.au** and by clicking on 'View 30% child care tax rebate details'
- phoning the FAO on **13 61 50**, or
- phoning us on **13 28 61**.

Other ways to get this information

If you think that your total fee for eligible CCB hours amount does not reflect your total fees, you can calculate your total fees using your:

- statements from your child care provider
- child care receipts, or
- cheque butts, credit card or bank statements.

If your child care provider reduced your fees because your CCB was paid directly to them, you will need to add the 'CCB paid as reduced fees' to the amount you paid to arrive at 'total fees'.

Your 'CCB paid as reduced fees' amount can be found on the:

- FAO website **www.familyassist.gov.au** by clicking on 'View 30% child care tax rebate details'
- letter from the FAO advising you of your CCB entitlement for the 2004–05 income year. This letter will show the following information, for the periods you met all three eligibility requirements, under 'Information about Claiming the NEW 30% Child Care Tax Rebate on your 2006 Tax Return'.

	CCB paid as reduced fees	CCB entitlement
Sarah	\$905.98	\$920.00
Jessica	\$905.98	\$920.00

Your CCB entitlement will also be shown on your letter from the FAO.

EXAMPLE

Belinda's taxable income for 2006 is \$5,580 and she is not required to lodge an income tax return this year. Her spouse Jack's taxable income for 2006 is \$65,000. They had two children, Sarah and Jessica, in approved child care during the period 1 July 2004 to 30 June 2005 at a cost of \$1,400 for each child. Belinda received CCB of \$920 per child which means that she is eligible to claim the child care rebate. Using the worksheet on the next page Belinda calculates her rebate for each child as follows:

Total fees	(a)	\$1,400
CCB entitlement	(b)	\$920
(a) – (b)	(c)	\$480
(c) x 30%	(d)	\$144
Lesser of \$4,000 or amount at (d)	(e)	\$144

Belinda's total rebate for both her children is \$288. As Belinda is not required to lodge an income tax return, she can transfer her rebate of \$288 to Jack to reduce the tax that he will have to pay.

CALCULATING YOUR TOTAL CHILD CARE TAX REBATE

Use the worksheet below to calculate the rebate for each child and your total rebate. Work down the column for each child, using your total fees amount at step 1 and CCB entitlement at step 2. If you had more than four children in approved care, continue the worksheet on another piece of paper.

WORKSHEET

	Child 1	Child 2	Child 3	Child 4
STEP 1 Calculate your total fees for each child for the period 1 July 2004 to 30 June 2005. Only include the total fees for the weeks when you met all three eligibility requirements. Write the total fees at (a).				
(a)	\$	\$	\$	\$
STEP 2 Write your CCB entitlement for each child at (b).				
(b)	\$	\$	\$	\$
STEP 3 Take (b) away from (a). Write this amount at (c). These are your out-of-pocket expenses.				
(c)	\$	\$	\$	\$
STEP 4 Multiply the amount at (c) by 30%. Write this amount at (d).				
(d)	\$	\$	\$	\$
STEP 5 Your rebate for each child is limited to \$4,000. Write at (e) the amount at (d) or \$4,000 whichever is lower.				
(e)	\$	\$	\$	\$
STEP 6 Write at (f) the total of all the amounts from (e).				
(f)	\$			

Write the total rebate amount from (f) above at **W** on page 2 of the attached transfer advice.

TRANSFER OF YOUR TOTAL REBATE TO YOUR SPOUSE

Before you complete the attached transfer advice, use the worksheet on the previous page to calculate the rebate for each child and your total rebate. Then write your total rebate at **W** on page 2 of the attached transfer advice. You must lodge your completed transfer advice with the Tax Office. Transferring your rebate to your spouse is voluntary and can only occur if you complete and lodge a transfer advice with the Tax Office. You can only transfer your unused rebate to the person who was your spouse on 30 June 2006.

You need to complete both pages of the transfer advice.

Your spouse does not have to complete any item on their tax return to receive your rebate – it will be transferred to them automatically.

You and your spouse must complete and keep the transfer agreement on this page. In the agreement your spouse must give their signed consent for you to quote their tax file number and to transfer the rebate to them. The Tax Office is authorised under the *Taxation Administration Act 1953* to request this information. Your spouse needs to keep the agreement with their tax records for this year. You should also keep a copy with your tax records for this year.

If the person who was entitled to transfer the rebate died during the year, the executor or administrator of the person's estate can transfer the rebate to the person who was the deceased person's spouse when they died.

Consequences of transferring your rebate:

- You cannot cancel or reverse the transfer.
- The subsequent amount you can transfer is dependent on your tax liability. A change in your tax liability or a requirement to lodge an income tax return will change the amount that you have transferred to your spouse.

Change in child care rebate data

If the data used to calculate your rebate changes after you lodge your transfer advice, you will need to recalculate the amount of rebate transferred to your spouse. If the amount of the rebate has changed, you must write to the Tax Office and request an amendment to your transfer advice to reflect the new rebate. In the amendment request, you will need to provide the reason for the change and your tax file number.

30% child care tax rebate transfer agreement 2006

This agreement must be completed and retained by both you and your spouse.

Cut out and keep with your tax records for this year. Please print carefully.

You need to complete this section of this agreement.

I
want to transfer my unused 30% child care tax rebate to my spouse. I am aware that I cannot cancel or reverse the transfer.

My tax file number is

...../...../.....
Your signature Date

Your spouse needs to complete this section of this agreement

I
agree to receive the transfer of the unused 30% child care tax rebate. I am aware that I cannot cancel or reverse the transfer.

My tax file number is

I give permission for my tax file number to be disclosed to allow the transfer. I also understand that the rebate transferred to me can be increased or decreased, for example, due to changes in my spouse's taxable income or changes to child care benefit.

...../...../.....
Your spouse's signature Date

ADDRESS TO LODGE YOUR TRANSFER ADVICE

To lodge your transfer advice:

- on its own – post it in a business-sized envelope to the address shown below
- with a non-lodgment advice and/or a baby bonus claim and/or an application for a refund of franking credits – put the transfer advice and any other claim together in a business-sized envelope and post them to the address shown below:

**Australian Taxation Office
GPO Box 9845
IN YOUR CAPITAL CITY**

! NOTE

Use the address shown. Do not replace the words IN YOUR CAPITAL CITY with the name of your capital city. Our agreement with Australia Post means there is no need for you to include the name of your capital city, a state, a territory or a postcode.

LODGING YOUR TRANSFER ADVICE FROM OVERSEAS

If you are lodging from outside Australia, visit our website and lodge your transfer advice using e-tax. Alternatively, post your transfer advice to the following address:

**Australian Taxation Office
GPO Box 9845
Melbourne VIC 3001
Australia**

MORE INFORMATION

Internet

For general tax information and to download publications and rulings, visit **www.ato.gov.au**

Infolines

Our infolines are open Monday to Friday between 8.00am and 6.00pm except where otherwise indicated.

Personal Tax Infoline 13 28 61

**National Aboriginal and
Torres Strait Islander Infoline 13 10 30**
Specialises in helping Indigenous clients

Superannuation Infoline 13 10 20

For assistance with all your superannuation enquiries

Fax 13 28 60

Get information faxed to you about individual taxes and the repayment of debts under the Higher Education Loan Programme (HELP) and the Student Financial Supplement Scheme (SFSS). Phone **13 28 60** and follow the instructions to order information to be faxed to you.

Other services

Translating and Interpreting Service 13 14 50

If you do not speak English well and want to talk to a tax officer, phone the Translating and Interpreting Service for help with your call.

Hearing or speech impairment

If you have a **hearing or speech impairment** and use a TTY or modem, phone the National Relay Service on **13 36 77**. For 1800 free call numbers phone **1800 555 727** and quote the number you require.

If you have a **speech impairment** and do not use a TTY or modem, phone the Speech to Speech Relay Service on **1300 555 727**. For 1800 free call numbers phone **1800 555 727** and quote the number you require.

Tax Help

If you want to complete your own transfer advice but think you may need some assistance, then Tax Help may be the answer.

Our community volunteers are trained and supported by the Tax Office to help you.

Tax Help is a free and confidential service for people on low incomes.

Many people who use Tax Help are seniors, people from non-English speaking backgrounds, people with a disability, Aboriginal people, Torres Strait Islander people and students.

Volunteers can explain your obligations and help you prepare your transfer advice accurately.

There are Tax Help centres throughout Australia. If you want to visit one of the trained volunteers you need to make an appointment. You need to bring a copy of *30% child care rebate transfer advice and instructions 2006* and all relevant papers with you when you visit.

For more information or to find out where your nearest Tax Help centre is, phone the Personal Tax Infoline on **13 28 61**.

FEEDBACK

Reader feedback helps us to improve the information we provide. If you have any feedback about this publication, please write to:

**Personal Tax Editor
Marketing and Education – Paper Publishing
Australian Taxation Office
PO Box 900
CIVIC SQUARE ACT 2608**

As this is a publications area only, any tax matters will be passed on to a technical area; alternatively, you can phone our Personal Tax Infoline on **13 28 61** for help.

30% child care tax rebate instructions and transfer advice for individuals **2006**