

EDUCATION TAX REFUND FACT SHEET

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Sharon Bird writes ...

The Education Tax Refund (ETR) aims to help families, with children undertaking primary or secondary school studies, to meet the costs of school education through assistance with certain education expenses.

Under the Rudd Government's ETR, eligible families will be able to claim:

- a 50% refundable tax offset every year for up to \$750 for each child undertaking primary school, (that is, a refund of up to \$375 per child, per year);
- a 50% refundable tax offset every year for up to \$1500 for each child undertaking secondary school (that is, a refund of up to \$750 per child, per year).

This fact sheet provides answers to many of the questions that I get asked by local families.

I hope you find it useful.

Help with your children's school costs – your questions answered

Question: Are you eligible?

- Are you entitled to Family Tax Benefit (FTB) Part A for children in primary or secondary school?
- Do you have children in primary or secondary school who would be an eligible child for FTB Part A purposed but instead the child receives payments or allowances such as:
 - Youth Allowance;
 - Disability Support Pension;
 - ABSTUDY Living Allowance;
 - payments under the Veterans' Children Education Scheme; and
 - payments under the Military Rehabilitation and Compensation Act 2004.
- School children undertaking primary or secondary school studies and

who are independent of their parents may also be eligible.

- For families that have shared care arrangements, the ETR will be shared just as FTB Part A is shared.
- The families of students who enter or leave school in any school year would be eligible to claim the ETR for half of the financial year that they attended school.
- For students who transition from primary to secondary school in a single financial year the full ETR, based on the secondary-school rate, can be claimed.
- Families with home-schooled students can also claim the ETR. To be eligible, students must be registered with the relevant State/Territory Government.

ALERT

\$1000 BONUS FOR FAMILIES

The Prime Minister has announced a \$1000 bonus for each eligible child of families who receive Family Tax Benefit A. It will be made from 8 December 2008.

This payment will help families balance their budgets and also promote economic growth.

To find out if you are eligible for Family Tax Benefit A please visit www.centrelink.gov.au.

Families who receive their family payments as a lump sum at the end of the financial year will receive their additional payment when they make their claim. Payments will be tax exempt and not included for income-testing purposes.

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Question: What can be claimed?

- Eligible expenses are items that support a child during school and improve the quality of education.
- For the purposes of the ETR, eligible educational expenses are:
 - laptops, home computers and associated costs (including repair and running costs of computer equipment and lease costs), home Internet connection and printers and paper;
 - education software;
 - school textbooks and material (including prescribed textbooks, associated learning materials, study guides and stationery); and
 - prescribed trade tools.
- Eligible expenses that have been incurred by a parent or guardian with more than one child with an ETR entitlement can be pooled and claimed against the children's combined ETR entitlement, provided that the children all have access to the purchased items.
- Education expenses in excess of what can be claimed in a financial year (that is, expenses over \$1,500 per annum for a secondary school student or \$750 for a primary school student) are able to be carried over in the following financial year. Eligible expenses that are not utilised for the purpose of claiming the ETR in the financial year that they occurred or the subsequent financial year would automatically lapse.
- The ETR may not be claimed for educational expenses if a tax deduction or a Commonwealth Government payment/subsidy is payable in respect of that expense.



The Education Tax Refund helps families to meet the costs of their children's education.

Question: How can I claim?

- Parents can simply claim the refund against eligible education expenses incurred from 1 July 2008, when they complete their 2008-09 income tax return.
- Parents and eligible independent students who do not ordinarily lodge an income tax return can also claim the refund through the Australian Taxation Office.
- For those who are not required to complete an income tax return, a separate form will be available to allow the refund to be claimed from the Australian Taxation Office at the end of the 2008-09 financial year.

Keep your receipts!

- Claimants are expected to retain receipts for the purchases of items for which they intend to claim the ETR.

Keep your receipts

By keeping their receipts, eligible families will be able to claim a 50 per cent refund every year for key education expenses up to:

- \$750 for each child undertaking primary studies (maximum refund of \$375 per child, per year); and
- \$1,500 for each child undertaking secondary studies (maximum refund of \$750 per child, per year).

For things like:

- laptops;
- home computers and associated costs;
- home internet connections;
- printers;
- education software;
- trade tools for use at school;
- school text books; and
- stationery.

For more information regarding the Education Tax Refund please contact www.treasury.gov.au