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What is the Family Tax Benefit and is it taxable income?

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The Family Tax Benefit (FTB) is a two-part payment to assist with the cost of raising children. To qualify for the FTB, a person must:

- have a dependent child or full-time secondary student aged 16 to 19 who is not receiving a pension, payment, or other benefits like Youth Allowance
- care for the child for at least 35% of the time
- meet an income test.

FTB Part A eligibility

The FTB Part A is paid per child. The amount an applicant will receive depends on their family's circumstances.

You may be eligible for the FTB Part A if you care for a dependent child who is either:

- 0 to 15 years of age
- 16 to 19 years of age and meets the study requirements, namely:
 - be in full-time secondary study
 - have an acceptable study load
 - have an exemption from Services Australia.

However, all the following criteria must also be met:

- An income test
- Residence rules
- You care for the child at least 35% of the time.

Your child also needs to meet the immunisation requirements and Healthy Start for School requirements as part of the application process. Your FTB Part A payment may be reduced per fortnight for each child who does not meet these requirements.

After the financial year, if you did not receive enough FTB during the year, you may also be eligible for a top up in the form of the FTB Part A supplement. This is part of the FTB Part A annual rate and is paid for each FTB child.

To receive the FTB Part A supplement, your family's adjusted taxable income must be \$80,000 or less.

How much is the FTB Part A?

The maximum rate for the FTB Part A depends on the age of the child for whom you receive it, and your taxable income for the year.

You may receive the maximum rate for each child per fortnight if your family's adjusted taxable income is \$56,137 or less. The maximum rates (per fortnight) for 2021/22 are:

- \$191.24 for a child 0 to 12 years
- \$248.78 for a child 13 to 15 years
- \$248.78 for a child 16 to 19 years who meets the study requirements
- \$61.46 for a child 0 to 19 years in an approved care organisation (i.e. the organisation provides or co-ordinates residential care services to young people in Australia, its financial statements support this assessment).

What is the FTB Part A supplement rate?

As mentioned, if you receive the FTB Part A, you may also be eligible to receive the FTB Part A supplement. This is a yearly payment.

If you are eligible, you will receive it after Centrelink has balanced your payments. This is done after the end of the financial year and enables Centrelink to check that recipients have been paid the right FBT and Child Care subsidy amounts. This process also requires certain actions on the part of most recipients.

For 2020/21, the FTB Part A supplement is a payment of up to \$781.10 for each eligible child.

For 2021/22, this payment has gone up to \$788.40 for each eligible child. The amount you are paid depends on all of the following factors:

- The number of children you have in your care.
- If you share care the care of your children.
- Your family's income.
- The number of days you were eligible for the FTB Part A.

FTB Part B eligibility

The FTB Part B is a separate entitlement to the FTB Part A. You may receive both parts of the FTB entitlement, or you may only receive Part A or Part B.

To receive the FTB Part B, you need to be either a single parent or non-parent carer, a grandparent carer, or part of a couple with one main income.

You may be eligible if you are:

- a member of a couple with one main income and care for a dependent child aged under 13, or
- a single parent or non-parent carer, or a grandparent carer and care for a dependent child aged under 18. The child must meet study requirements if they are aged 16 to 18.

It is also necessary for you to meet the following three requirements:

- An income test
- Residence rules
- You care for the child at least 35% of the time.

Neither you nor your partner can receive the FTB Part B while also receiving Parental Leave Pay.

You also will not be eligible for the FTB Part B if your annual adjusted taxable income is more than \$100,900.

Payments of the FTB part B will be received up until the end of the calendar year your youngest child turns 18. If this child is between 16 and 18, they must be in secondary school full-time.

There is separate information for single-grandparent carers.

How much is the FTB Part B?

If your income is \$100,900 or less, you will be eligible to receive the maximum rate of the FTB Part B.

The maximum rate for the FTB Part B depends on the age of your youngest child.

The maximum rate per family each fortnight is:

- \$162.54 when the youngest child is 0 to 5 years of age
- \$113.54 when the youngest child is 5 to 18 years of age.

Is the FTB taxable income?

Taxable income is your gross income minus allowable deductions. It is the income for which you must pay tax.

It includes income from:

- wages and salaries
- a business
- investments

- any taxable payments you receive from Services Australia
- taxable payments you receive from the Department of Veterans' Affairs

- JobKeeper payments received from your employer.

Income under the tax-free threshold counts as taxable income.

Taxable lump sum payments also count towards taxable income.

These may include:

- any taxable superannuation death benefits
- taxable compensation payments
- any taxable insurance payouts
- superannuation released early.

Centrelink will not count superannuation withdrawals made under either the:

- First Home Super Saver Scheme as taxable income
- COVID-19 early release of superannuation.

If you make a loss for the year, your taxable income will be nil. It is nil when your allowable deductions are more than your gross income. You can find out more about gross income and allowable deductions on the Australian Taxation Office website.

Payments you receive from Centrelink not included as taxable income are the:

- FTB
- Economic Support Payment
- Child Care Subsidy
- Additional Child Care Subsidy.

Conclusion

All FTB payments are not included in taxable income. However, it is important not to underestimate gross family income when applying for the FTB.

Although you may not be taxed on your FTB payments, if you have underestimated your income or you have neglected to update any increase or change in your income, which may affect the amount of FTB you receive, you will incur a debt from Centrelink. This debt will be required to be paid back, similar to a tax debt. There is no interest charged on this debt and you will have the option to set up a payment plan if you are unable to pay the full amount back at once. **FS**



The quote

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