

## 6 Income and Rates

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## 6.1 Income Requirements

### Overview

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**Introduction** This chapter explains the general income requirements for ABSTUDY eligibility.

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**In this chapter** This chapter contains the following topics.

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## 6.1.1 Introduction to Income

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### **6.1.1.1 Eligibility and providing income details**

Where a student meets the ABSTUDY general eligibility criteria (see 3.1.1), income details must be provided to assess the level of assistance that student may receive. A student is not eligible for ABSTUDY if s/he receives other government assistance for education, training or formal study, except if receiving certain pensions (see 3.1.4).

Students undertaking full-time apprenticeships or traineeships in accordance with a training agreement are excluded from ABSTUDY assistance.

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### **6.1.1.2 General income**

The student, parental and partner income tests take into account income from all sources which is assessable for ABSTUDY purposes, less any deductions allowable by the Australian Taxation Office (ATO). The resulting amount is taxable income and is shown on the ATO Tax Assessment Notice (TAN).

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### **6.1.1.3 All assessable income**

All assessable income is taken into account for the income tests. Where a payment in the nature of income is not specifically exempt, it should be regarded as income for ABSTUDY purposes.

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### **6.1.1.4 Maintenance received or paid**

Amounts paid for the maintenance of children or a former partner are deducted from assessable income to arrive at a figure for total income, and any maintenance received is added to assessable income to arrive at a figure for total income (see 6.7.1.22).

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### **6.1.1.5 Negative income by one parent**

It is not possible for one parent's loss or negative income to reduce the effect of the other parent's positive income. The loss should be treated as zero income and the other parent's income will be the family's total taxable income.

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### **6.1.1.6 Income averaging**

Income averaging for self employed primary producers is not provided for under the ABSTUDY income test.

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## 6.1.1 Introduction to Income, Continued

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### 6.1.1.7 Compensation

Compensation is a payment that is made wholly or partly in respect of lost earnings or lost capacity to earn within or outside of Australia.

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### 6.1.1.8 Compensation Payments that do not affect ABSTUDY

For the purposes of assessing entitlements to ABSTUDY, the following payments, ordinarily considered to be compensatory in nature, are not considered to fall within the definition of compensation given immediately below.

- Compensation payments made for criminal injuries, discrimination or workplace harassment;
- Compensation for non-economic loss;
- Compensation paid on death; and
- Compensation for war injuries.

**Note:** Indigenous people who were employed under the former Community Wages Scheme on Queensland settlements and reserves between 1975 and 1986, have been awarded compensation with a one off payment of \$7000. For ABSTUDY purposes this payment is not to be included for any ABSTUDY income or means tests. Minister Kemp made this determination on 30 November 1999.

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### 6.1.1.9 Compensation payments affecting ABSTUDY

The following compensation payments **do** affect ABSTUDY:

- periodic personal injury compensation for economic loss; and
  - lump sum personal injury compensation for economic loss.
- 

### 6.1.1.10 ABSTUDY entitlements affected by Compensation

The following ABSTUDY entitlements are affected by compensation:

- ABSTUDY Living Allowances; and
  - ABSTUDY School Fees Allowance (Group 2).
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*Continued on next page*

## 6.1.1 Introduction to Income, Continued

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### 6.1.1.11 Taxable Compensation Lump Sum Payments

Taxable compensation payments which are paid in a lump sum are regarded for ABSTUDY purposes as the assets of the person to whom the compensation payment was made and affect the student in accordance with the personal assets and family assets tests.

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### 6.1.1.12 Non-taxable Compensation Lump Sums

Non-taxable compensation payments paid in a lump sum are not regarded as an asset for ABSTUDY purposes.

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### 6.1.1.13 Effect of compensation on ABSTUDY Living Allowance

Living Allowance is affected by compensation payments as follows:

Where a compensation payment is paid in a lump sum:

- Compensation payments paid in a lump sum which are taxable are regarded as the assets of the person to whom the compensation payment was made and affect the student in accordance with the personal assets and family assets tests.

Where a compensation payment is taxable and paid on a regular and ongoing basis to:

- (a) the parent(s)/guardian(s) of the student:  
the compensation payment forms part of the parent(s)/guardian(s) Parental Income for the normal application of the Parental Income test (including Current Income Assessment).
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## 6.1.1 Introduction to Income, Continued

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**6.1.1.13**  
**Effect of**  
**compensation on**  
**ABSTUDY**  
**Living**  
**Allowance**  
(continued)

(b) the student-

the compensation payment forms part of the student's ordinary income for the application of the student's personal income test.

***Exception:** Where a student has a partner who is in receipt of a FaCS payment where the rate of that payment has been calculated on the basis of the student being in receipt of a compensation payment, the compensation payment should not affect the student's ABSTUDY. Where a student has a partner who is serving a Compensation Preclusion Period and that preclusion period cannot be adjusted to take into account any affect on the student's ABSTUDY payments, the compensation payment should not affect the student's ABSTUDY. That is, ABSTUDY Payments should not be affected where the effect of the compensation payment on ABSTUDY cannot be reflected in the effect of a couple's FaCS entitlements.*

(c) **the partner of the student-**

The compensation payment forms part of the partner's ordinary income for the application of the partner income test.

***Exception:** Where a student has a partner who is in receipt of a FaCS payment where the rate of that payment has been calculated on the basis of the student being in receipt of a compensation payment, the compensation payment should not affect the student's ABSTUDY. Where a student has a partner who is serving a Compensation Preclusion Period and that preclusion period cannot be adjusted to take into account any affect on the student's ABSTUDY payments, the compensation payment should not affect the student's ABSTUDY. That is, ABSTUDY Payments should not be affected where the effect of the compensation payment on ABSTUDY cannot be reflected in the effect of a couple's FaCS entitlements.*

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## 6.1.1 Introduction to Income, Continued

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### 6.1.1.14 Affect of compensation on ABSTUDY School Fees Allowance (Group 2)

ABSTUDY School Fees Allowance (Group 2) is affected by compensation payments made to the parent(s)/guardian(s) of a dependent student to the extent that a Compensation payment forms part of the parent(s)/guardian(s) taxable income in the application of the Parental Income Test.

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### 6.1.1.15 Effect of Community Development Employment Projects (CDEP) on ABSTUDY

#### **DIFFERENT TO Youth Allowance/AUSTUDY PAYMENT**

In some circumstances, people can be eligible for both CDEP and ABSTUDY.

Full-time independent students in receipt of a CDEP wage for employment are assessed against their personal and (where relevant partner's) income for eligibility for the ABSTUDY Living Allowance.

For dependent students, where either person is in receipt of a CDEP wage as a participant in the scheme (not as an administrator), the parental income test is waived. This provision also applies to other low income earners, such as social security pensioners or holders of a current Health Care Card.

CDEP participants who receive wages for employment may also be eligible for ABSTUDY supplementary benefits.

If, however, a student were to be granted CDEP wages to undertake study or training, the student would not be eligible for ABSTUDY. This reflects ABSTUDY policy that students cannot generally receive ABSTUDY if they are entitled to other government financial assistance to study, including CDEP.

CDEP for study or training is included as part of 'other government financial assistance to study'.

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## 6.1.2 Income Testing Periods

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### 6.1.2.1 Normal period of income testing

Income testing normally applies to the fortnightly income of the student in the year of study (the relevant year) and to the combined taxable income of the student's parents/guardians for the financial year ending on 30 June of the preceding year.

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### 6.1.2.2 Another accounting period

If the student's parents, under Section 18 of the *Income Tax Assessment Act 1936*, adopted a 12 month accounting period which ends on a date other than 30 June in the year preceding the relevant year, the assessment is based on taxable income (plus or minus maintenance payments, if applicable, see 6.7.1.22) in that accounting period.

This does not alter income test period principles. In particular:

- the normal test period remains the 12 month accounting period ending before the current year of study i.e, before 1 January in the year of study. This applies whether or not the student is eligible or qualifies for ABSTUDY from that date;
  - the current income test period remains the 12 months accounting period ending during the current year of study ie, 1 January to 31 December in the year of study. This applies whether or not the student is eligible or qualifies for ABSTUDY for the whole or part of the year; and
  - there is no provision to take into account a 12 month accounting period which finished after the current year of study, that is after 31 December in the year of study. This applies whether or not the student is eligible or qualifies for ABSTUDY until the end of the year.
- 

### 6.1.2.3 Current income assessment

In certain cases the income test may be applied to the parents'/guardians' income for the financial year ending on 30 June in the year of study. The current income assessment applies when there has been:

- a marked and sustained fall in income as outlined in 6.3.1.1; or
  - a 25% or more increase in the parents' income since the previous financial year as outlined in 6.3.2.
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## 6.1.3 Types of Income Tests

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### 6.1.3.1 Three types of income test

Some ABSTUDY allowances are subject to income tests.

Tests are normally made on:

- **student income** – for all students, except those under 16 years of age; *and either*
- **parental income** - for all dependent students; or
- **partner income** – for all independent students who have a partner.

**Note 1:** Some exceptions apply (see 6.2.1.2 and 6.2.2.4).

**Note 2:** Special assessment may apply where a parent/guardian/partner is receiving certain government income support payments (see 6.3.3).

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### 6.1.3.2 Income tested allowances

Allowances subject to income testing are:

- Living Allowance;
- Group 2 School Fees Allowance greater than the non-income tested threshold; and
- Masters and Doctorate Award Living Allowance, Relocation Allowance, Thesis Allowance and payment of compulsory course fees or HECS.

**Note:** School Term Allowance and Group 1 ('at home' rate) School Fees Allowance are indirectly income tested (see 7.2.3 and 7.8.2) on the basis of qualifying or receiving other government income support assistance.

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## 6.1.3 Types of Income Tests, Continued

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### 6.1.3.3 Non income tested allowances

Allowances not subject to income testing are:

- Group 2 School Fees Allowance less than the non-income tested threshold;
- Pensioner Education Supplement;
- Incidentals Allowance;
- Additional Incidentals Allowance;
- Fares Allowance;
- Lawful Custody Allowance;
- Away-from-base entitlements;
- Remote Area Allowance; and
- Pharmaceutical Allowance.

**Note:** Rent Assistance is indirectly income tested on the basis of qualifying or receiving other government income support assistance.

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### 6.1.3.4 Effect for different students

The status and age of the student determines which of the three tests apply, as follows:

- Dependent students are subject to:
    - the student income test unless the student is under 16, and
    - the parental income test
  - Independent students are subject to:
    - the student income test, and
    - the partner income test if the student has a partner.
- 

*Continued on next page*

## 6.1.3 Types of Income Tests, Continued

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### 6.1.3.5 Summary of each type of income test

The following table summarises the main features of each test:

Type of Test	Definition of Income	Income Period
Student	Taxable income (income less all deductions allowed by ATO), plus or minus maintenance payments	Relevant period as detailed in 6.2.1.13.
Parental	Taxable income (income less all deductions allowed by ATO), plus or minus maintenance payments	Previous financial year, unless current income applies.
Partner	Taxable income (income less all deductions allowed by ATO), plus or minus maintenance payments	Relevant period as detailed in 6.2.3.7.

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## 6.1.4 Proof of Income

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### **6.1.4.1 Documentation required**

Parents/guardians and the partner applying for Living Allowance are required, prior to payment, to submit documentation supporting income details provided on the ABSTUDY claim (see 2.1.3.3.3 for acceptable documentation and provision of documentation).

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### **6.1.4.2 Exemption**

Persons receiving a FaCS or DVA pension are exempt from the requirements to provide proof of income.

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### **6.1.4.3 Certification that income details are correct**

Parents'/guardians'/partners' signatures, certifying that income details provided are correct, are required on the ABSTUDY claim form. If income details are provided without these signatures and without acceptable proof of income (except for those exempt - see above) no assessment should be made.

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### **6.1.4.4 Hard to obtain**

If Centrelink is satisfied that it is difficult to obtain a signature for reasons such as long illness, mental incapacity, prolonged absence of the parent/guardian/partner (for example because they are in lawful custody), entitlement may be determined without any signatures on the basis of the proof of income provided.

If a student who is 16 years or older, or independent, is unable to obtain signatures because of the parent's/guardian's/partner's unwillingness to sign, benefits may not be paid unless proof of income has been provided.

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## 6.1.5 Overseas Income

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**Introduction** This topic describes how to calculate taxable income earned overseas in Australian currency.

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**In this topic** This topic is divided into the following sections:

<b>Section</b>	<b>See Page</b>
6.1.5.1 Calculating Overseas Income	6-14

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## 6.1.5.1 Calculating Overseas Income

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### 6.1.5.1.1 Converting taxable overseas income to Australian amounts

Taxable income earned overseas will need to be converted to Australian dollars (see 6.1.5.1.2) if the income is included in the taxable income figure on an overseas country's tax notice of assessment or similar document.

If the income is shown on an Australian notice of assessment, it has already been converted from overseas dollars to Australian dollars. In these cases care should be taken not to double count the income.

Non taxable income earned in an overseas country is **not** to be included in the income tests but will be included in the family actual means test (see 6.5.2.5).

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### 6.1.5.1.2 Use of exchange rates to convert overseas income

When a person has taxable income from an overseas source, the overseas figure is converted to Australian dollars by the appropriate exchange rate from the CBA.

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## 6.2 Income Tests

### Overview

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**Introduction** This chapter describes the income tests which are applied for ABSTUDY assistance.

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**In this chapter** This chapter contains the following topics:

<b>Topic</b>	<b>See Page</b>
6.2.1 Student Income	6-16
6.2.2 Parental Income	6-21
6.2.3 Partner Income	6-32

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## 6.2.1 Student Income

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### 6.2.1.1 Students affected

The student income test is applied to all students' claims except for those specified below.

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### 6.2.1.2 Students not affected

Allowances for the following ABSTUDY students are not affected by the student income test:

- students under 16 years old;
  - part-time students;
  - students who are, or have been living, under an officially approved substitute care arrangement (see 5.4);
  - students receiving a social security pension or an income support pension from DVA; and
  - students in lawful custody.
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### 6.2.1.3 Definition of student income test

The student's income test takes into account the assessable income from all sources, less any exemptions listed below.

Maintenance payments received from or paid to a former partner are also taken into account.

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### 6.2.1.4 What income is included?

Student income includes:

- taxable income, (except principal income derived from Norfolk Island);
- overseas income earned and taxed in a foreign country (see 6.1.5);
- for independent students - maintenance or alimony whether paid for the student's own benefit or for the benefit of the student's dependents, including maintenance paid by the Child Support Agency or by way of a trust or other entity. Payment to a third party of school fees, household utilities, rates, rent, mortgages or for any other purpose that is for their, or their child's direct or indirect benefit, must be included.

**Note:** For a dependent student this maintenance would be counted as income in the hands of the (custodial) parent.

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## 6.2.1 Student Income, Continued

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### 6.2.1.4

#### What income is included? (continued)

- received by the student from a trust if it is assessable for tax purposes. Generally, trust income is not assessable where it has already been taxed in the trustee's hands. (Amounts paid from the capital of a deceased estate are generally not taxable income.);
- full-time Australian Defence Force (Navy, Army or Air Force) Reserve pay and allowances (payments to part-time reservists are not taxable and do not count as income);
- lump sum and other retirement/redundancy and similar payments to the extent that they are assessable income for tax purposes;
- prizes if they are provided as an employment benefit, or they carry an obligation to undertake further studies;
- taxable income received under a training agreement from a current or future employer;
- superannuation pensions, including those received by a student as a dependent child or a partner of a deceased member of a superannuation fund (eg Comsuper, DFRDB, etc);
- certain forms of educational assistance (see 6.2.1.6); and
- compensation payments are included to the extent they are taxable. Payments that are made in place of income are generally taxable, while those that are for loss of future earning capacity such as compensation/damages/pain and suffering/reimbursement of expenses, are not usually counted as income for tax purposes. Compensation payments for victims of crime should be treated in the same way. (see 6.1.1.7)

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## 6.2.1 Student Income, Continued

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### 6.2.1.5 Is education assistance included?

Where a student is not excluded from ABSTUDY assistance because s/he is receiving another form of government assistance to study (see 3.1.4), education assistance counts as assessable income if it is paid to or in respect of the student principally or solely for the purpose of assisting the student to study. This includes:

- institutional scholarships and bursaries, including the value of any free board provided as part of the scholarship - the value of board should be determined by comparison with the institution's normal costs for similar board for other students;
- payments for a student's education from a family trust or a special education trust, (eg Vietnam Veteran's Trust Education Assistance Scheme);
- assistance paid to another person (eg, a student's parents) to help the student's education;
- educational scholarships from industry or cultural foundations; and
- State payments to or in respect of students who live away from home or come from isolated families.

**Note: This does not apply to independent boarding school scholarships at 5.2.3.12.1 and 4.2.1.1.**

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### 6.2.1.6 Educational assistance not included

Educational assistance should not be included as student's income if it is:

- ABSTUDY itself;
- tuition fee scholarships for students;
- assistance provided in relation to a course which is not ABSTUDY-approved (eg, for an intensive language course in the summer vacation);
- assistance provided by a Commonwealth/State/Territory government because the student is the child of a victim of a natural disaster or industrial accident;
- reimbursement by the State Government of tuition fees; or
- reimbursement of travel expenses (as opposed to course cost grants).

**Note:** Income received under a training agreement is included (see 6.2.1.4).

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## 6.2.1 Student Income, Continued

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### 6.2.1.7

#### What pensions and benefits are not included?

These benefits and pensions are not included in the personal income test:

- Family Tax Benefit A & B;
  - Double Orphan pension;
  - Child Disability Allowance;
  - Domiciliary Nursing Care benefit;
  - CRS services not related to the course;
  - payments received by the student for the care of a ward other than themselves (payments to students because they are themselves wards are included as student income);
  - special assistance to the Textile, Footwear and Clothing industry (TCF Special Allowances) to the extent these are not counted as taxable income by the ATO.
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### 6.2.1.8

#### Other income not included in test

The following payments are also not included as part of a student's income:

- maintenance paid by a parent to or in respect of a dependent student - such maintenance counts as assessable income in the hands of the (custodial) parent;
  - prizes are not regarded as income unless they are provided as an employment benefit or an obligation to be used to assist study;
  - loans in general are not regarded as income. A loan made to a student under the Commonwealth's Special Assistance to Students Program (SASP) is not regarded as income;
  - part-time Australian Defence Force Reserve pay and allowances (payments to full-time Reservists are taxable and hence regarded as income);
  - Disability pensions paid by the DVA to veterans and ex-service personnel because of a war caused injury or illness are not included, even if they are received by the student as these payments are not taxable; and
  - payments made on the student's behalf under HECS are also excluded from the income test.
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*Continued on next page*

## 6.2.1 Student Income, Continued

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**6.2.1.9  
Deduction from  
student** Maintenance paid by the student for the upkeep of a non-custodial child and/or former partner is deducted from the student's income for the income test period.

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**6.2.1.10  
How does  
student income  
affect  
ABSTUDY?** The student income test is based on how much a student may earn each fortnight. Students will also have access to the Student Income Bank which allows a student to earn money during breaks from study without affecting their Living Allowance (see 6.8).

See the Centrelink booklet 'A guide to Commonwealth Government payments' for current rates.

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**6.2.1.11  
Relevant period** The student income test period applies to taxable income that the receives during the period that are eligible for ABSTUDY. The period over which a student's income is assessed in a year for the purposes of the ABSTUDY student income test is the fortnightly entitlement period.

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**6.2.1.12  
Beginning and  
end of the  
relevant period** The relevant period begins on the day a student becomes entitled to ABSTUDY income tested allowances and ends on the last day a student is eligible for income tested allowances.

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**6.2.1.13  
Pensioner  
student** Where a student is a pensioner for a period during the year, this period as a pensioner student does not form part of the relevant period.

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**6.2.1.14  
16th birthday** A student becomes subject to the student income test from her/his 16th birthday or if they have independent status before they turn 16 years of age. The relevant period also applies from this date regardless of whether income tested allowances were payable before the student turned 16 years of age or gained independent status.

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## 6.2.2 Parental Income

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### 6.2.2.1 Definition of parental income

The parental income test for taxation purposes from all sources, less any deductions allowable by the ATO. The resulting amount here is taxable income and is shown on the ATO Taxation Assessment Notice.

Maintenance payments received from or paid to a former partner are also taken into account.

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### 6.2.2.2 How does parental income affect ABSTUDY?

Where an adjusted family income of parents exceed the threshold the ABSTUDY Living Allowance will be reduced.

See the Centrelink publication “A guide to Commonwealth Government payments’ for current rates. threshold, and rate reduction applied, when the threshold is exceed is detailed in the Centrelink publication ‘A guide to Commwealth Governments payments..

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### 6.2.2.3 Students subject to parental income test

Dependent students who are under 16 years old and eligible for Living Allowance, or who are 16 years of age and over, are subject to income testing on the combined taxable income of both their parents/guardians, irrespective of whether they live at home or away from home.

Parental income is taken into account whether or not parents/guardians actually provide financial assistance or support.

**Note:** Dependent students 16 years of age or over are also subject to the student income test.

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*Continued on next page*

## 6.2.2 Parental Income, Continued

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### 6.2.2.4 Students not affected by parental income test

Allowances for the following ABSTUDY students are not affected by the parental income test:

- part-time students;
  - pensioner students;
  - students who are or have been living under an officially approved substitute care arrangement (see 5.4);
  - independent students;
  - students in lawful custody; and
  - dependent students whose parents/guardians are receiving a Commonwealth income tested pension or benefit (see 6.3.3 and 7.2.3.2).
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### 6.2.2.5 Definition of parents

For the purposes of income testing, 'parents' include:

- any natural or adoptive parent with whom the student normally lives or last lived; and
- the partner (married or de facto) of a parent, providing that the student normally lives with the partner.

Another adult can be a parent (ie. grandparents or other family members), but only if the student is wholly or substantially dependent on that adult, and the adult is not the student's de facto partner.

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### 6.2.2.6 What does 'normally live with' mean?

Students 'normally live with' a parent and/or the parent's partner (married or de facto) if they maintain a permanent home there. Students 'normally live with' the parent or parent's partner (married or de facto) even though they live away while studying, or are temporarily absent from the home on a holiday.

A student should be regarded as not normally living with a person if the student maintains a separate permanent home (including vacation and holiday periods).

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## 6.2.2 Parental Income, Continued

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### 6.2.2.7 Example

*Sam has been living at his brother's home in Brisbane since April last year. Previously he lived with his mother in Cairns. In February last year Sam's mother married her de facto partner, with whom she had been living for six months. Sam has only returned to his mother's home for brief visits, including a period of approximately 4 weeks in January this year in order to pack and remove his belongings.*

*Sam's mother's new husband is not included in the parental income test. Sam has established his own permanent home and will not "normally live with" his mother and her partner. Sam's entitlement is based on the income of the parent with whom he last lived, ie his mother. Also, he may be entitled to the away-from-home rate of allowance if he meets the relevant criteria.*

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### 6.2.2.8 Divorced or separated parents

If the natural or adoptive parents are divorced or separated, the parent, for the purposes of the parental income test, is:

- the natural or adoptive parent with whom the student normally lives, ie with the custodial parent; or
- the parent on whom the student was dependent at the start of the eligibility period in the year of study if normally living with neither parent; or
- the parent on whom s/he was last dependent if dependent on neither parent at that time; or
- if each equally shares custody of the student, both natural or adoptive parents are taken into account where they are separated or divorced.

If the parents reunite, the student's entitlement is reassessed with effect from the date of the reunion, taking into account the previous financial year incomes of both parents. In some cases current income may be applicable (see 6.3.1.1.1).

The income taken into account in the case of divorced or separated parents includes any payments made by way of maintenance to the parent on whom the student is dependent. However, any maintenance payments made to a former partner or in respect of other children are deducted from total income.

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## 6.2.2 Parental Income, Continued

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### 6.2.2.9 Step parents

Natural or adoptive parents also include step-parents. If the parent or the person on whom the student was last dependent remarries or enters a de facto relationship, the income of the step-parent is taken into account.

The step-parent's income may be disregarded only where:

- the step-parent is not the student's adoptive parent; and
- s/he is able to provide a statutory declaration to confirm s/he did not provide the student with any form of support at the start of the eligibility period in the year of study. In this case it would be expected that the other parent had sufficient income to support the student and that the step-parent was not the provider of food and/or shelter (see 6.2.2.67).

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### 6.2.2.10 Dependent on non parent

If a student was wholly or substantially dependent at the start of the eligibility period in the year of study on a person who was not her/his natural or adoptive parent, that person is considered to be the student's parent even if one or both of the natural or adoptive parents are living.

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## 6.2.2 Parental Income, Continued

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### 6.2.2.11 What does 'wholly or substantially dependent' mean?

If a student claims a person other than a natural or adoptive parent (or the parent's partner) for parental income test purposes, the case will be considered on its merits to determine if:

- the person does support the student wholly or substantially; and
- the arrangement is bona fide ie, it is not an arrangement to avoid assessment on the basis of the income of the student's natural or adoptive parent or their partner (married or de facto).

A student is not wholly or substantially dependent on another person if the parent (or parent's partner, married or de facto) is:

- supporting the student in the other person's home; or
- is providing financial assistance, directly or indirectly, to that person in respect of the student.

The other supporting adult cannot be the student's partner (married or de facto).

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### 6.2.2.12 Evidence of support from another adult

Evidence of support can include that the supporting adult was receiving Family Tax Benefit A & B in respect of the student.

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### 6.2.2.13 How soon is a de facto partner recognised?

A de facto relationship is recognised between a student's natural or adoptive parent and her/his de facto partner from the date the de facto relationship starts if the student 'normally lives with' the parent and the parent's partner (see 6.2.2.6).

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*Continued on next page*

## 6.2.2 Parental Income, Continued

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### 6.2.2.14 What happens if there is a change of parent during period of eligibility

In most cases, the parental income test will apply to the parents on whom the student is dependent at the start of eligibility. However, ABSTUDY will be reassessed if the student's parents change during the period of eligibility, so that, if a student:

- loses a parent by death or separation, ABSTUDY is reassessed based on the remaining parent from the date of change of circumstance (where separated/divorced parents share custody see 6.2.2.16);
- gains a parent (for example because a natural or adoptive parent remarries, or gains a de facto partner **and** the student normally lives with the partner), ABSTUDY is reassessed from the date of change of circumstances taking into account the combined income of the original parent and the new partner;
- changes parents, ABSTUDY is reassessed from the date of change of circumstances. For example, the student:
  - stopped living with one parent and moved in with the other;
  - started or stopped normally living with a parent's partner; or
  - started or stopped being wholly or substantially dependent on another adult.

**Note:** Reassessment is based on the income of the parent(s) for the previous financial year unless the current income concession or special assessment applies.

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*Continued on next page*

## 6.2.2 Parental Income, Continued

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### 6.2.2.15 Separated parents - death of custodial parent

Where:

- a student has been living with one parent for a considerable time and that custodial parent subsequently dies; and
- there has been little or no contact with the non-custodial parent,

it would be unreasonable to require that ABSTUDY be based on the income of the surviving parent given that essentially no parental role (financial support or otherwise) has been played by the surviving parent for a long time, if at all.

The student's claim under the homeless provisions should be reviewed (see 5.5.6.4). This is on the basis that it would be unreasonable for students to live in the home of their surviving parent because of extreme family breakdown.

Students need to apply for Student Homeless Rate in the usual way, including the provision of appropriate evidence/statements to support their claim.

The following indicators should be met before independent status is granted under this provision:

- the student's parents had been separated for a considerable length of time (discretion may be applied depending on individual circumstances);
- the surviving non-custodial parent has not provided support, either directly or indirectly, to the student or her/his former partner in that time (eg, child support payments, payment of school fees, etc);
- the student has had no recent contact with the surviving parent;
- the surviving parent has not resumed a parental role following the death of the previously custodial parent;
- the student has no other supporting adult; and
- the other homeless provisions in 5.5.6 do not apply.

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*Continued on next page*

## 6.2.2 Parental Income, Continued

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### 6.2.2.16 Separated parents - shared custody arrangements

Where separated or divorced parents share custody of the student, the following arrangements apply:

- where custody is shared between the parents, the income test is applied to the income of the parent with whom the student normally lives, and that parent's partner, married or de facto (if applicable); or
- where one natural parent has primary custody of the student (ie has custody of the student for a greater proportion of the time), the income test is applied to the income of that parent, and their partner, married or de facto (if applicable).

In the very rare cases of shared custody where the student spends an equal amount of time with each parent, the lower family income (taking into account the income of the relevant natural parent and her/his new partner, where applicable) may be used to calculate the student's entitlement subject to statements being provided confirming and setting out the custodial (i.e, turnaround period) and maintenance payment arrangements (e.g, legal documentation from the Family Court or solicitors, or statements from each parent).

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*Continued on next page*

## 6.2.2 Parental Income, Continued

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### **6.2.2.17 Students not normally living with parents**

If a student's parents live permanently apart, the parental income test applies only to the parent with whom the student normally lives. This applies whether or not the parents are legally divorced.

If a student's parents live permanently apart, but the student does not normally live with either parent, the parental income test applies:

- to only that parent with whom the student last lived if the parents stopped living together when the student last lived with them; or
- to both parents if they were not living permanently apart when the student last lived with them.

Where parents are 'separated but living under the one roof' for Family Law purposes, and the student normally lives in or last lived in the house shared by both parents, the income of both parents is taken into account.

Where parents live apart temporarily, (for example, because of absence due to work commitments as with some mining, fishing, sales representative or other occupations) and the student normally lives with, or last lived with, both parents, the income of both parents is taken into account (see 6.2.2.16).

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*Continued on next page*

## 6.2.2 Parental Income, Continued

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### 6.2.2.18 Parental income test period

The parental income test of parents during the financial year ending before the year of study. For most students, this financial year ends on 30 June of the previous year. However, the most recently completed financial year accounting period may end on another date if:

- the student's parents have, under Section 18 of the *Income Tax Assessment Act 1936*, adopted a 12 month accounting period which ends on a date other than 30 June, (see 6.1.2.2), or
- parental income consists principally of income from a foreign country which uses a different taxation accounting period from that ending on 30 June (for example, New Zealand has a taxation period of 1 April to 31 March). The financial year ending before 1 January of the year of study is considered.

**Note 1:** Where combined adjusted family income increases by 25% or more, ie from the previous to current financial year, the student's entitlement is reassessed with effect from 1 October in the year of study (see 6.3.2).

**Note 2:** Where parental income suffers a substantial and lasting fall, a concession is available to take into account income in a financial year (or accounting period) no later than the financial year or last accounting period which ends during the year in which ABSTUDY is sought (see 6.3.1).

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*Continued on next page*

## 6.2.2 Parental Income, Continued

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**6.2.2.19**  
**Why is the test based on historical (previous financial year) income?**

Most family incomes do not fluctuate disproportionately between financial periods, significant changes are the exception.

These exceptional cases are handled with special rules that apply when use of historical income is unreasonable. These apply where:

- there is a substantial and lasting fall in income under the current income concession (see 6.3.1);
  - a parent starts getting a Commonwealth pension or benefit, or is in receipt of a Health Care Card under the special assessment provision (see 6.3.3); or
  - parental income increases by 25% or more after the normal (previous financial year) income test period (see 6.3.2).
-

## 6.2.3 Partner Income

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### 6.2.3.1 Definition of partner

The partner income test takes into account the assessable income for taxation purposes from all sources, less any deductions allowable by the ATO. The resulting amount here is taxable income and is shown on the ATO Tax Assessment Notice.

Maintenance payments received from or paid to a former partner are also taken into account.

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### 6.2.3.2 Students subject to partner

Independent students are subject to income testing on the income of their partner if relevant. Students below the age of 21 years are aligned to Youth Allowance rates, students 21 years and over are aligned with Newstart rates. However, also see 6.3.3 Special Assessment.

### 6.2.3.3 How does partner income affect ABSTUDY?

A student's partner can have income up to the disqualifying income limits of Youth Allowance if the student is under 21 years or Newstart if the student is 21 years and over without it affecting the student's ABSTUDY Living Allowance. The ABSTUDY Living Allowance is reduced by \$1 for every whole \$2 by which the partner's income exceeds the disqualifying limit.

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### 6.2.3.4 Student under 16 years old

When an independent student under 16 years old has a partner, the partner is subject to the partner income test.

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### 6.2.3.5 Definition of a partner

For the purposes of partner income, a partner is defined as:

- a married husband or wife who is not separated from the student; or
- an unmarried person who is living with a person of the opposite sex in a de facto relationship which is of at least 6 months' duration, or where there is a child in the relationship who is dependent on the student or the de facto partner.

**Note: For an ABSTUDY student who is in a de facto relationship and whose partner is receiving a social security pension or benefit, align entitlement with Social Security Law.**

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*Continued on next page*

## 6.2.3 Partner Income Continued

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**6.2.3.6  
Relevant period** A relevant period is generally the income test period when a partnered student is eligible to receive ABSTUDY assistance.

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**6.2.3.7  
Periods the  
partner income  
test does not  
apply** The partner's income test is not applied for any period in a year when students:

- do not have a partner; or
- are divorced or separated from their partner.

**Note:** Where the student and her/his partner are 'separated but living under the same roof' for Family Law purposes, the partner's income is taken into account.

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## 6.3 Current Income and Special Assessment

### Overview

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**Introduction** This chapter explains income concessions.

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**In this chapter** This chapter contains the following topics.

<b>Topic</b>	<b>See Page</b>
6.3.1 Current Income Assessment	6-35
6.3.2 Increase in Current Year Income	6-41
6.3.3 Special Assessment	6-43

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## 6.3.1 Current Income Assessment

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**Introduction** The current income assessment is a concession that allows the ABSTUDY income test to be applied to the income which the student's parents/ guardians receive in the financial year ending on 30 June in the year for which assistance is sought (instead of being applied to income earned in the previous, typical financial year).

This current income assessment may be approved for any student, except a single, independent status student or a student who is partnered, if a normal assessment is unreasonable because one of the circumstances described in this topic has caused a large and long-lasting drop in income.

In most instances, when current income assessment is approved, the income test will be applied to estimated income figures, which are subject to verification.

There is no provision for the parental income test to be applied to any period later than the financial year accounting period ending 30 June in the year of study for a current income assessment.

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**In this topic** This topic is divided into the following sections.

<b>Section</b>	<b>See Page</b>
6.3.1.1 Reasons for a Current Income Assessment	6-36
6.3.1.2 Size and Date of Drop in Income	6-37
6.3.1.3 Calculating Adjusted Income	6-40

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## 6.3.1.1 Reasons for a Current Income Assessment

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### 6.3.1.1.1 Acceptable reasons for all students

The circumstances under which assessment may be made on current income for all students are:

- permanent invalidity, retirement or any similar circumstance which removes or reduces the earning capacity of a student's parent; or
  - drought, bushfire, flood, cyclone or other circumstances beyond the control of a parent and:
    - a situation of hardship is caused to the person;
    - the income is expected to be adversely affected for a period of two years from the date of the drop, or 1 January in the year of study, whichever is the later, and
    - it would be unreasonable to assess the student using the routine financial assessment.
- 

### 6.3.1.1.2 Other acceptable reasons for dependent students

In addition, assessment may be made on current income for dependent status students where:

- a parent dies;
  - the parents separate; or
  - the student moves from one parent's care to the other parent's care and it would be unreasonable to assess the student using the routine financial assessment.
- 

### 6.3.1.1.3 Reasons not accepted for current income assessment

#### **Seasonal falls in income**

Seasonal falls such as occur where income normally fluctuates (as in the case of primary producers) are not a basis for current income assessment.

#### **Short period of unemployment**

A short period of unemployment does not warrant current income assessment. If the parent is likely to be unemployed for a long period, or if re-employed, is likely to be receiving a substantially lower income than before, such a case can be considered if the usual criteria of the size and duration of the drop are met.

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## 6.3.1.2 Size and Date of Drop in Income

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**6.3.1.2.1  
Size of drop in  
income** The Adjusted Family Income for the financial year ending on 30 June in the year for which assistance is sought should have a substantial drop in the normal assessment period.

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**6.3.1.2.2  
Discretion may  
be used** While a drop of 25% seems reasonable as a general yardstick, discretion may be exercised if the drop is considerably less than 25%. Clearly, for people on very low incomes, a lesser drop substantially affects their standard of living. Consideration should also be given not only to the size of drop in income, but to whether reassessment on current income would give the student an entitlement to income-tested assistance.

It should be ascertained that the estimate of the size of the drop is reasonable in the light of information available on factors such as previous earnings, the parent's trade or skills and current employment possibilities. In particular, sympathetic consideration should be given to situations where a family has experienced a considerable fall in weekly income but, because the current income assessment period includes a substantial amount of the former, higher income, the actual difference between the incomes for normal and current income years is less than 25%.

---

**6.3.1.2.3  
Example of use  
of discretion** *John's family has an income of \$30,000 in the typical financial year. On 30 November in the following financial year the family breadwinner retires. The income of John's family for that year is \$15,000 for the period 1 July to 30 November and then \$160 a week from a pension for the period 1 December to 30 June. Although this does not represent a fall of 25% between the financial years, there has clearly been a drastic fall in family income and current income assessment should be granted.*

---

**6.3.1.2.4  
Date of drop in  
income** The drop in income may occur at any time during the two years up to June in the year for which assistance is sought. The current income concession cannot be granted if income drops after that date.

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*Continued on next page*

## 6.3.1.2 Size and Date of Drop in Income, Continued

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### 6.3.1.2.5 Current income assessment not needed

If, in the case of a dependent student, a parent dies before 1 January in the year for which assistance is sought, or if the parents are separated at that date, there is no need for current income assessment.

A normal assessment is made on the remaining parent's income. If the parents reunite, reassessment using both parents' regular incomes is made with effect from the date of the reunion.

---

### 6.3.1.2.6 No precise date

In most cases the date from which income has dropped will be readily established. However, if income is affected by circumstances such as drought, it will be necessary to establish an approximate date based on such considerations as:

- the normal arrangements for marketing the product; and
- the period of production to which the income related when the adverse effect became apparent.

If no precise date is available, the date chosen would be the first of the most relevant month.

---

### 6.3.1.2.7 Lump sum leave payments

If a person retires from employment and receives a lump sum payment of leave entitlements that is to be included as income the date of income should be regarded as the end of the period of leave and not the date of cessation of actual work.

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### 6.3.1.2.8 Example of lump sum payments

*Mary's mother retires from work for health reasons on 31 October in the year prior to the year of study and received a lump sum payment of \$4,000, representing four weeks' sick leave and six weeks' recreation leave. The date of the fall in income is to be taken as 12 January, not 31 October. The income involved is regarded as accruing on the day on which it is received.*

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*Continued on next page*

## 6.3.1.2 Size and Date of Drop in Income, Continued

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### **6.3.1.2.9 Normal duration of the drop in income**

Normally it is expected that the duration of the drop in income should be at least two years taken from the date of drop or 1 January in the year for which assistance is sought, whichever is the later, except in those cases where a student's parents separate or a parent dies.

If a parent dies the concession applies immediately. If a student's parents separate, the concession also applies immediately. If the parents reunite, entitlement is reassessed and based on both parents' income but without retrospective effect.

---

### **6.3.1.2.10 Period of current income assessment**

If the drop occurred before 1 January of the year for which assistance is sought, the entitlement for the whole of the year of study will be assessed on a current income basis.

If the drop occurred after 1 January and before 1 July of the year for which assistance is sought, current income assessment will apply only in assessing the allowance payable for that part of the year of study following the date of the drop. Normal assessment will apply up to that date.

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## 6.3.1.3 Calculating Adjusted Income

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### 6.3.1.3.1 Calculation for dependent students

To calculate the adjusted income of parents for dependent students:

- include the income of any person who is a parent of the student at the start of the eligibility period in the year for which assistance is sought;
  - if a person, through separation, ceases to act as the student's parent between the start of the eligibility period and 30 June in the year for which assistance is sought, the income test is not applied to her/his whole year's income. The proportion of the current income financial year during which s/he acted as parent is determined and a similar proportion of her/his annual income in that year is used in the income test; and/or
  - allow dependent adjustment only for children who at 30 June of the year of study, ie the end of the current financial year, were dependent on persons who were the student's parents at the start of the eligibility period in the year of study.
- 

### 6.3.1.3.2 Rise in income

If the income rises above the level expected in the current income financial year, the applicant is required to notify Centrelink (see 6.3.2.1). If the rise in income means that the current financial year's income exceeds the income test cut-off point, all assistance paid under the current income concession is considered to be overpaid and is liable to recovery.

**Note:** Reverse Current income does not apply to an independent student with a partner because of the fortnightly Partner Income Test.

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### 6.3.1.3.3 Married and independent students

There is no current income concession for partnered or single independent students.

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## 6.3.2 Increase in Current Year Income

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### 6.3.2.1 Increase in Income

Where there has been an increase in income by 25% since the previous financial year, current year income will be taken into account to reassess entitlement from 1 October to 31 December.

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### 6.3.2.2 Income after the current financial year

There is **no** provision for the parental income test to be applied to any period later than the financial year accounting period ending 30 June in the year of study

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### 6.3.2.3 How the arrangement operates

If the income increases, ABSTUDY entitlement is based on **Adjusted Family Income (AFI)** in the financial year ending **during** the year of study.

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### 6.3.2.4 When does reverse current income apply?

Reverse current income applies where there has been a substantial increase in parental taxable, overseas or other income.

Reverse current income applies from 1 October in the year of study when income earned in the financial year ending 30 June in the year of study has increased by 25% or more since the previous financial year.

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## 6.3.2 Increase in Current Year Income, Continued

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### 6.3.2.5 Financial accounting period other than 1 July - 30 June

The parental income test under Section 18 of the *Income Tax Assessment Act*, adopts a 12 month accounting period which ends on a date other than 30 June.

This does **not** alter income test period principles. In particular:

- the normal test period remains the 12 month accounting period ending prior to the current year of study, ie **before** 1 January. This applies whether or not the student is eligible or qualifies for ABSTUDY from that date;
  - the current income test period remains the twelve months accounting period ended **during** the current year of study, 1 January - 31 December. This applies whether or not the student is eligible or qualifies for ABSTUDY for the whole or part of the year; and
  - there is no provision to take into account a twelve month accounting period which finishes after the current year of study, that is after 31 December . This applies whether or not the student is eligible or qualifies for ABSTUDY until the end of the year.
-

## 6.3.3 Special Assessment

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### 6.3.3.1 Basis for special assessment - pensions and allowances

To be eligible for a special assessment the student's parent/parents/spouse must be in receipt of one of the following payments:

- a social security pension or income support payment, or a similar provision from the DVA (excluding DVA disability pension);
- an allowance for full-time vocational training or education;
- assistance under Farm Household Assistance administered by the Department of Primary Industries and Energy;
- Exceptional Circumstances Relief Payment (ECRP) (see 6.3.3.4);
- Farm Help Income Support (see 6.3.3.5);
- assistance under the New Enterprise Incentive Scheme (NEIS); or
- a Textiles, Clothing and Footwear special allowance.

If a student's parent receives ABSTUDY living allowance or Youth Allowance/Austudy payment, the parental income test is waived where:

- the parent's partner (married or de facto) also gets ABSTUDY or Youth Allowance/Austudy Living Allowance; or
- the parent's partner (married or de facto) receives Parenting Payment (Partnered); or
- the parent is a sole parent.

**Note:** Special assessment cannot be applied solely on the basis of a parent or partner receiving Basic Parenting Payment or Family Payments.

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*Continued on next page*

### 6.3.3 Special Assessment, Continued

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**6.3.3.2  
Basis for  
special  
assessment –  
Low Income  
Health Care  
Card**

A special assessment applies when one or both of the student's parents has a current low income Health Care Card. This does not apply where a parent has a card only because the child disability allowance is received.

Special assessment applies for the valid period of issue of the Card and must be reviewed at the end of this period for ABSTUDY to continue. Proof that a parent holds a current low income Health Care Card is required (see 2.1.4.4.2). There is no eligibility for special assessment if a Card is cancelled and is, therefore, no longer valid.

Special assessment must be reviewed at the end of the period of issue of the card or when the card is cancelled, whichever is earlier.

A parent who has a Pensioner Concession Card is not entitled to the special concession unless s/he is currently receiving an eligible social security pension or allowance.

Special assessment does not apply to holders of the Commonwealth Senior Health Card (CSHC).

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*Continued on next page*

## 6.3.3 Special Assessment, Continued

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### 6.3.3.3 Basis for special assessment – CDEP

A special assessment applies where either parent on whom a student is dependent is receiving a CDEP Scheme wage as a participant, that is the CDEP wage **is not paid to administer a CDEP project which is an Aboriginal and Torres Strait Islander Commission (ATSIC) programme.**

Special assessment no longer applies to the partner of a student or to a parent/guardian who is a CDEP administrator, but a continuing student may be eligible for maintained entitlements (see below).

#### **Maintained Entitlement**

Students who were receiving ABSTUDY Living Allowance immediately prior to the policy change but who will lose this entitlement because of the change to special assessment eligibility, will continue to receive Living Allowance until the end of their current course of study if their partner or parent/guardian remains on CDEP. **For the entitlement to be maintained:**

- the student's partner must have been receiving a CDEP wage continuously since 1 July 1995; **or**
- in the case of CDEP administrators, the student's parent/guardian must continue to receive a CDEP wage for which eligibility commenced prior to 1 January 1997.

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*Continued on next page*

### 6.3.3 Special Assessment, Continued

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#### 6.3.3.4 Basis for special assessment - Exceptional Circumstances Relief Payment (ECRP)

Students from families receiving ECRP can apply for ABSTUDY under special assessment provisions. The usual parental or partner (as applicable) income test is waived.

While special assessment applies, the student can receive the maximum appropriate rate of Living Allowance subject to the student meeting the usual scheme requirements (including the student income test).

Applicants for special assessment on the basis of receiving ECRP need to:

- have the student complete and lodge an ABSTUDY claim; and
- provide a statement confirming their eligibility for ECRP.

Students are ineligible for ABSTUDY where they themselves receive ECRP.

---

#### 6.3.3.5 Basis for special assessment – Farm Help Income Support (FHIS)

The two key elements of the Farm Help Income Support (FHIS) are the payment of income support (similar to Newstart, but without the activity test) and access to re-establishment grants by eligible farming families.

##### **Income support component**

Families applying for and receiving the income support payment under FHIS will, for scheme purposes, be treated the same way as families receiving Newstart and the like. Hence 'special assessment' provisions apply, but only for the actual period of receipt of FHIS income support.

Students are ineligible for ABSTUDY where they themselves receive the income support component under FHIS.

##### **Re-establishment grant**

Grants of up to \$45,000 are available to eligible families who choose to leave farming. Grants are paid when the family farm is sold. However, a family's receipt of a re-establishment grant does not by itself provide any concessional treatment under the ABSTUDY income tests.

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*Continued on next page*

### 6.3.3 Special Assessment, Continued

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#### 6.3.3.6 Effect of special assessment

The parental income test. This means that subject to the student income test, the student is entitled to the maximum relevant rate of Living Allowance during the period of special assessment.

**NOTE: The partner fortnightly income test is waived for Exceptional Circumstances Relief payment 6.3.3.4 and Farm Family Restart 6.3.3.5.**

---

#### 6.3.3.7 Period of special assessment

Special assessment applies for the period that the parents/partner receives a pension, benefit, allowance or payment recognised for special assessment purposes during the year of study.

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#### 6.3.3.8 Exceptional Circumstances Relief Payment ceases

Where special assessment has been applied due to the family being in receipt of ECRP, this assessment is to continue to the end of the calendar year in which the 'exceptional circumstance recovery period' ends, even though ECRP is not paid past the recovery period, providing the student does not become ineligible for another reason, (eg change in income or study status).

If payment of ECRP ceases before the end of the exceptional circumstance recovery period because the family ceases to be eligible then the usual income test applies.

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#### 6.3.3.9 Pension or allowance ceases

Where the pension, benefit, allowance or payment ceases for the parent/partner during the period of ABSTUDY eligibility, the entitlement must be reassessed. The reassessment applies from the date the period of assistance ceases and does not affect the entitlement for the period while the pension, benefit, allowance or payment was received.

In the reassessment, entitlement for the new period is calculated in the normal way, using the previous financial year's income of anyone who was a parent/partner of the student at the start of the eligibility period in the year of study.

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## 6.4 Assets Tests

### Overview

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**Introduction** This chapter describes the assets tests and limits which are applied for ABSTUDY.

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**In this chapter** This chapter contains the following topics:

<b>Topic</b>	<b>See Page</b>
6.4.1 What is included / not included in an Assets Test	6-49
6.4.2 Family Assets Tests	6-50
6.4.3 Personal Assets Tests	6-51

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## 6.4.1 What is included / not included in an Assets Test

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### 6.4.1.1

#### What is included in an assets test

- All funds, investments, property, cars, boats, household contents and personal effects;
  - money in approved deposit-funds or other roll-overs which can be withdrawn;
  - ownership or interests in a trust or company;
  - the surrender value of life policies;
  - money lent out;
  - assets disposed of on or after 15 December 1998 (Government announced Assets Testing for ABSTUDY Living Allowance) for an unreasonably low value; and
  - overseas assets.
- 

### 6.4.1.2

#### What is not included in an assets test

- The principal family home which includes any land around the home used primarily for private and domestic purposes if the land and the ground floor of the home are 2 hectares or less;
  - a garage or storeroom of a flat or home unit that is used primarily for private or domestic purposes;
  - the principal behind an annuity or superannuation pension that can't be withdrawn, sold or borrowed against;
  - funds frozen in a financial institution (unless they can be withdrawn after a waiting period);
  - assets which you have the right to use but which you may not sell or borrow against (eg. a life interest under a deceased estate);
  - personal disability aids.
-

## 6.4.2 Family Assets Tests

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### 6.4.2.1

#### Family Assets Test

ABSTUDY is not payable if the value of a family's total assets exceeds the designated limit. The family assets limit is indexed and the new amount takes effect from 1 January of each year. All of the family's assets are included, except:

- the assets of independent children; and
- the assets of the partner's independent children; and
- farm assets, if a current drought relief exceptional circumstances certificate has been issued.

See the Centrelink publication 'A guide to Commonwealth Government payments' for the current Family Assets threshold.

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### 6.4.2.2

#### Exemptions from the family assets test

The family assets test does not apply to parents or their partners who receive:

- an income support payment;
  - payment under the *Farm Household Support Act 1992*.
- 

### 6.4.2.3

#### Discount for business assets

75% of a customer's interest in the value of a business, including farms, is disregarded if the customer owns the business and is wholly or mainly engaged in that business.

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## 6.4.3 Personal Assets Tests

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### 6.4.3.1 Personal and Spouse Assets Test

#### **DIFFERENT TO Youth Allowance/AUSTUDY PAYMENT**

Asset limits are indexed each year and take effect from 1 July each year. ABSTUDY is not payable if the value of total assets exceeds these limits. See the Centrelink publication ‘A guide to Commonwealth Government payments’ for current Asset limits.

**Note: Some ABSTUDY benefits and allowances are not means-tested. They are:**

- **non-means tested portion of Group 2 School Fees Allowance;**
  - **Pensioner Education Supplement;**
  - **Incidentals Allowance;**
  - **Additional Incidentals Allowance;**
  - **Fares Allowance;**
  - **Lawful Custody Allowance; and**
  - **Away-from-base Assistance.**
- 

### 6.4.3.2 Exemptions from the personal assets test

The personal assets test does not apply to:

- dependent students; or
  - independent students with a partner receiving:
    - an income support payment
    - a payment under exceptional circumstances provisions; or
  - farm assets if the student or their partner has current drought relief exceptional circumstances certificate
-

## 6.5 Family Actual Means Test

### Overview

---

**Introduction** This chapter explains the Family Actual Means Test which is applied to ABSTUDY.

---

**In this chapter** This chapter contains the following topics.

<b>Topic</b>	<b>See Page</b>
6.5.1 Introduction to Family Actual Means Test	6-53
6.5.2 Designated Parents	6-54
6.5.3 Actual Means	6-58
6.5.4 Exempt Funds	6-61
6.5.5 Current Year Means Assessments	6-64
6.5.6 Definition of Base Tax Year	6-67
6.5.7 Definition of Family Members	6-68

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## 6.5.1 Introduction to Family Actual Means Test

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### 6.5.1.1 Introduction

Family Actual Means Test (FAMT) is a test applied to dependent students whose parent (s)/guardian(s), or the parent/guardian's partner is in a designated category (see 6.5.2) for the FAMT. The spending and savings of all assessable family members (see definition of family members) are taken into account to determine the dependent student's rate of ABSTUDY. The lesser of the two rates calculated under the Income Test and FAMT is the student's entitlement.

**Note:** The designated parent(s)/guardian(s) for the FAMT can be the student's natural or adoptive parent(s) or parent's partner.

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### 6.5.1.2 Exemption from FAMT

Families are exempt from the FAMT while receiving an Exceptional Circumstances Relief Payment (ECRP) for the remainder of the calendar year. It should be noted that the holding of a Drought Exceptional Circumstances Certificate while not in receipt of ECRP, or the receiving of a payment under the Farm Family Restart Scheme does not give an exemption from FAMT.

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## 6.5.2 Designated Parents

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### 6.5.2.1 FAMT Designated Parent

The FAMT is only applied to dependent students when their parent's circumstances come under one or more of the following seven designated categories.

A student's natural or adoptive parent, or their partner is a designated parent if they:

- had an interest in a trust, private company or unlisted public company in the base tax year; or
- were self-employed (except as a sole trader engaged wholly or mainly in a primary production business) in the base tax year; or
- were a partner in a partnership in the base tax year (includes primary producers who lodge a partnership return for taxation purposes); or
- derived income of \$A2,500 or more from a source in Norfolk Island or overseas in the base tax year that is not wholly from a pension or similar payment; or
- were a salary or wage earner for any period in the base tax year, who claimed or will claim a tax deduction for a business loss (whether current or carried forward) that does not consist only of a passive business loss, or
- have a current interest to the value of \$A2,500 or more in any assets located outside Australia and its external territories; or
- first entered Australia under a permanent visa or entry permit in a business skills category in the 10 years prior to 1 January in the current calendar year.

See the Centrelink booklet 'A guide to Commonwealth Government payments' for current rates.

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*Continued on next page*

## 6.5.2 Designated Parents, Continued

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### 6.5.2.2 Interest in a trust, private company or unlisted public company

All trusts are included in assessing FAMT categories except the following:

- a parent's account, held in trust for a child;
- deceased estate trusts;
- assets held in trust by an administrator;
- involvement in a trust created by a resident, complying superannuation fund;
- public unit trusts in which 50 or more people are not family members of the trustee, or they are offered for subscription or purchase by the public eg. body corporate trusts and most managed investment funds,
- charitable trusts; and
- trusts created by the operation of law.

A person holds an interest in a trust if they are a trustee, beneficiary, or unit holder, but not an agent creditor or employee of a trust.

The most common type of company an assessor will encounter is a private or family company, normally identified by 'Proprietary Limited', 'Pty Limited' or 'Pty Ltd' after its name. A private company has shares issued to family members and office holders are usually family members. These shares are usually not transferable without the consent of all shareholders.

An unlisted public company is not listed on the Australian Stock Exchange or any Stock Exchange.

---

### 6.5.2.3 Self- employment

A self-employed person is defined as someone who works for gain or reward other than under a contract of employment or apprenticeship, whether or not the person employs one or more employees.

Indications that a parent is self-employed are:

- maintaining their own financial accounting records;
  - not receiving a group certificate from an employer at the end of the financial year;
  - not having compulsory superannuation or Workcover payments paid by an employer on their behalf. Instead they pay their own superannuation and can claim it as a tax deduction or business expense; or
  - paying tax on a monthly basis through the prescribed Payments System or the Reportable Payments System.
- 

*Continued on next page*

## 6.5.2 Designated Parents, Continued

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### 6.5.2.4 Partner in a partnership

A partnership does not need a written agreement to exist. Sharing profits and losses may indicate a partnership exists. A joint owner of an asset is not necessarily in a partnership for the purposes of the FAMT, even if they derive an income from that ownership.

A parent involved in a partnership must:

- provide evidence and supporting documents to show a partnership has been dissolved; and
  - declare income or losses in their Individual Income Tax Return.
- 

### 6.5.2.5 Overseas income at or above \$A2,500

The \$A2,500 threshold relates to any income a parent receives from overseas.

Income from a taxable overseas pension should be shown as overseas income under the parental income test. Parents are also included in this category if they earn \$A2,500 or more by working overseas in the base tax year.

See the Centrelink booklet 'A guide to Commonwealth Government payments' for current rates.

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### 6.5.2.6 Salary or wage earner with a business loss

A parent is a salary or wage earner if they earn income on a regular basis under a contract of employment, whether implied or expressed.

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*Continued on next page*

## 6.5.2 Designated Parents, Continued

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### 6.5.2.7 Overseas assets at or above \$A2,500

An asset is an overseas asset valued at or above \$A2,500 if:

- a parent would normally be obliged to declare it under the ABSTUDY asset test; and
- it is normally located outside Australia.

A parent may move in and out of this category as the value of their overseas assets changes during the year. Only the value of the parent's interest in the asset must be \$A2,500 or more. Parents must provide evidence of:

- disposal of asset, or
- the value of their interest reducing below \$2,500.

An asset is exempt if it is normally held in Australia, but is temporarily overseas, or an Australian resident invests in a company in Australia, independent of their family, and the company invests the money in overseas investments.

See the Centrelink booklet 'A guide to Commonwealth Government payments' for current rates.

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### 6.5.2.8 Business Migrant

A parent in the business migrant category is assessed under the FAMT on a full calendar year. This includes the year they arrived in Australia. A parent is in this category if within 10 years before 1 January in the calendar year in which ABSTUDY is being applied for, the parent first entered Australia under a permanent visa or entry permit. A parent remains in the business migrant category for 10 years from their arrival in Australia.

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## 6.5.3 Actual Means

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### 6.5.3.1 What is included as actual means

The spending and savings of all family members in the base tax year are taken into account to determine a family's actual means. This excludes spending or savings equivalent to the income received from exempt funds (see 6.5.4).

Where the applicant and/or other members of the assessable family live away from home all of their separate expenses under the various areas of spending must be included.

All spending and savings must be included from all sources including related entities, third parties and financial institutions eg. payments made by the business, friends and relatives for and on behalf of the family.

---

### 6.5.3.2 Areas of Family Spending

The following table shows the main areas of family spending and examples of each. Each area includes repayments of principal and interest on any loans for associated costs from a financial institution, taken out before the beginning of the base tax year.

Area of Spending	Examples
Principal Home	<ul style="list-style-type: none"><li>• purchase and running costs,</li><li>• mortgage repayments, rent and insurance,</li><li>• rates, gas, electricity and water,</li><li>• repairs and extensions,</li><li>• furniture and appliances.</li></ul>
Transport	<ul style="list-style-type: none"><li>• purchase costs, including lease payments;</li><li>• maintenance, repairs and running costs;</li><li>• insurances and registration; and</li><li>• public transport.</li></ul>
Education	<ul style="list-style-type: none"><li>• school, tuition and boarding fees;</li><li>• books, uniforms and amenities fees; and</li><li>• evening and leisure classes.</li></ul>

*Continued on next page*

## 6.5.3 Actual Means, Continued

### 6.5.3.2 Areas of Family Spending (cont)

General Living	<ul style="list-style-type: none"> <li>• food and clothing;</li> <li>• entertainment;</li> <li>• holiday costs;</li> <li>• insurances, medical and pharmaceutical expenses not covered by Medicare or private health insurance;</li> <li>• books, newspapers, magazines;</li> <li>• non-refundable child care expenses; and</li> <li>• telecommunication costs (phone and fax).</li> </ul>
Other	<ul style="list-style-type: none"> <li>• other loan costs;</li> <li>• expenditure on investments, such as real estate, shares, art and coin collection;</li> <li>• tax deductible business expenditure not necessary for carrying on the business, such as donations to charities; and</li> <li>• the taxable value of any fringe benefits, covering what would have been an expense to the family.</li> </ul>

### 6.5.3.3 Family Saving

The following table shows the main areas of family saving and examples of each. Each area includes repayments of principal and interest on any loans for associated costs from a financial institution, taken out before the beginning of the base tax year.

Area of Saving	Examples
Financial institutions	The net increase, including interest, in any bank, building society or credit union account. A decrease in the amount owed on loan or credit card is a repayment under the spending categories.
Retained profits	<p>The value of a family member's base tax year share of:</p> <ul style="list-style-type: none"> <li>• any undistributed profits from, and retained earnings in, a private or unlisted public company;</li> <li>• any increase in their partnership capital accounts and/or current accounts; and</li> <li>• undistributed trust profits if the family member is a beneficiary or trustee.</li> </ul>

*Continued on next page*

## 6.5.3 Actual Means, Continued

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### 6.5.3.3 Family Saving (Continued)

Area of Saving	Examples
Superannuation	Contributions above: <ul style="list-style-type: none"><li>• the minimum amount required under the <i>Superannuation Guarantee (Administration) Act 1992</i> for an employee; or</li><li>• \$3,000 per family member.</li></ul>
Other	Loans by a family member to a related entity.

---

## 6.5.4 Exempt Funds

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### 6.5.4.1 Exempt Funds

The following are exempt from the FAMT:

- tax deductible business spending necessary for the carrying on of the business (see 6.5.4.2);
- spending to acquire or modify property necessary to assist a family member with a disability;
- spending or maintenance payments for a former partner or child not in the day to day care of the assessable family member; and/or
- spending covered by scholarships except where paid by a family trust or other related business entity.

Funds from the following sources are exempt for the FAMT and are able to count as a deduction because they do not affect a dependent applicant's entitlement. These are:

- a financial institution or arms length loan (equivalent to the terms of a loan from an institutional loan) ;
- prior year savings ie. the reduction from the opening balance as at 1 July to 30 June in the base tax year;
- sale of assets which were held at the beginning of the base tax year;
- non taxable compensation payments;
- windfall gains but not gifts;
- Defence Reserve Payments (maximum \$6,000 each);
- Government Benefits such as non taxable income assistance and payments for educational purposes;
- isolated or secondary boarders; and/or
- dependent children's employment (maximum of \$6,000 each).

However, the spending from such sources must be included i.e, the amount of the deduction must correspond with the amount of spending.

See the Centrelink booklet 'A guide to Commonwealth Government payments' for current rates.

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*Continued on next page*

## 6.5.4 Exempt Funds, Continued

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### 6.5.4.2 Tax deductible business expenditure

All tax deductible business spending necessarily incurred in carrying on the business is exempt from the FAMT, except:

- losses carried forward from the previous financial year;
  - superannuation contributions that are:
    - above the minimum required under the *Superannuation Guarantee (Administration) Act 1982*, if a person is employed by the business; or
    - the lesser of \$3,000 and the total voluntary contributions made by family members who were sole traders or partners in a partnership;and
  - donations to charity.
- 

### 6.5.4.3 Government income assistance

The income assistance payments that are exempt from FAMT are:

- a Youth Allowance received by a person who is undertaking full-time study;
  - an Austudy payment;
  - a payment under the *Social Security Act 1991* (except a family tax payment), or the *Veterans' Entitlement Act 1986*, that is exempt income tax;
  - a payment under a Student Financial Supplement Scheme or the ABSTUDY scheme or the Assistance for Isolated Children scheme;
  - an Austudy payment;
  - a payment under a scholarship; and
  - a payment by a State or Territory, or a State or Territory authority, to assist the primary, secondary or tertiary education of a student.
- 

### 6.5.4.4 Sale of assets

Spending or savings equivalent to income sourced from the sale of assets may be excluded from the FAMT. However, the assets must have been held before the commencement of the appropriate tax year.

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### 6.5.4.5 Non-taxable compensation payments

A non-taxable compensation payment is the amount of a compensation payment that is not required to be included in taxable income under the *Income Tax Assessment Act 1936* or *1997*. This is usually because the payment does not represent lost income. The deduction may relate to some or all of the compensation payment.

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*Continued on next page*

## 6.5.4 Exempt Funds, Continued

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### **6.5.4.6 Dependent children's employment income deduction**

Families are able to claim a deduction of up to a maximum of \$6,000 for each eligible family member from independent employment. However, only amounts earned after the dependent child has reached 16 years of age may be claimed, and all amounts claimed must be earned income and declared to the ATO.

---

### **6.5.4.7 Boarding Concession under FAMT**

The cost of boarding for Assistance for Isolated Children or secondary boarders is exempted from the FAMT, including an ABSTUDY student if s/he is a dependent secondary student who:

- has a sibling receiving a boarding allowance under the Assistance for Isolated Children scheme; or
- is receiving an away from home rate as a secondary student.

Only the maximum concession rate will be allowed.

See the Centrelink publication "A guide to Commonwealth Government payments" for current maximum rate.

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## 6.5.5 Current Year Means Assessments

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### 6.5.5.1 Current year means assessment

Where a family has experienced a substantial reduction in their actual means from the base tax year to the following financial year, they can request that their actual means be assessed on the current tax year i.e, the tax year immediately following the base tax year.

Substantial is taken to mean that if a payment or an increase in payment is able to be granted by using the current income test , it shall be regarded as being substantial.

---

### 6.5.5.2 Current year assessment conditions

The conditions for using a current year assessment are similar to those used for the parental income test. The criteria are as follows:

- the drop in actual means is due to an event (or events) beyond the control of a family member; or
- there is no longer a designated parent for the FAMT (see 6.5.2); or
- a family member has taken up full-time study in the tax year following the base tax year.

In addition the drop in the actual means must be expected to last for at least 2 years from 1 January in the year of ABSTUDY payment or the date of the event whichever is the later.

Finally the same rule applies as to an assessment using the base tax year ie. the lesser amount using both the Income Test and FAMT for the current year is the amount payable.

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*Continued on next page*

## 6.5.5 Current Year Means Assessments, Continued

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### 6.5.5.3 Period of effect of assessment

The following table shows the period of effect of current year assessment according to the date of the event that caused the decrease in actual means.

<b>If...</b>	<b>The period of effect is...</b>
the event occurred on or before 1 January of the current year	<ul style="list-style-type: none"><li>• for the full calendar year from 1 January; or</li><li>• from the start of the period of ABSTUDY qualification to the end of the calendar year, if less than a full calendar year.</li></ul>
the event occurred after 1 January of the current year	from the date of the event until the earlier of: <ul style="list-style-type: none"><li>• the end of the calendar year; or</li><li>• the period of ABSTUDY qualification.</li></ul>
no event can be tied to the decrease in the current year	from the date after 1 January when the decrease started, until the end of: <ul style="list-style-type: none"><li>• the calendar year; or</li><li>• the period of ABSTUDY qualification.</li></ul>

---

### 6.5.5.4 Expectations of decreased profits

Documentary evidence of financial decreased actual means may be required before a current year assessment is granted.

---

### 6.5.5.5 Reasons for a decrease in actual means

For a current year assessment to be used, the reasons for the decrease in actual means must be beyond the control of a:

- parent;
- student; or
- family member or whoever is relevant to the decrease in actual means.

Documentary evidence may be required to substantiate the claim.

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*Continued on next page*

## 6.5.5 Current Year Means Assessments, Continued

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### 6.5.5.6 Actual means decreased due to study

Current year actual means assessment is used if total family actual means decrease because a parent or a dependent student gives up substantial employment to take up full-time study.

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## 6.5.6 Definition of Base Tax Year

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### 6.5.6.1 Definition of Base Tax Year

The base tax year means the financial year that ended on 30 June in the calendar year before the year in which the ABSTUDY allowance is being claimed.

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## 6.5.7 Definition of Family Members

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### 6.5.7.1 Definition of Family Members

An applicant's assessable family for the purposes of FAMT are:

- the applicant;
- the parent (s)/guardian(s) whose income and assets are being taken into account under the ABSTUDY parental income and family assets tests;
- any dependent children under 16 years of age; and
- and dependent children in the family aged 16 to 24 years of age who do not meet the independence criteria.

**Note:** That only the details of the spending, savings and deductions for those persons covered by this definition are to be provided for the purposes of this FAMT. For example, if any grandparents or non-dependent children live with the family, then exclude all of their spending, savings and deductions from the amounts in the FAMT.

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## 6.6 Taxation

### Overview

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**Introduction** This chapter explains the taxation issues relating to ABSTUDY allowances and the conditions under which there is a requirement for the provision of tax file numbers.

---

**In this chapter** This chapter contains the following topics.

Topics	See Page
6.6.1 Taxable ABSTUDY Allowances	6-70
6.6.2 Tax File Number (TFN)	6-72

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## 6.6.1 Taxable ABSTUDY Allowances

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### 6.6.1.1 Taxable income

Payments intended to support the students' day-to-day living costs and certain other allowances are assessable forms of income for income tax purposes. Those allowances that are forms of taxable income are:

- Living Allowance, for students 16 years or older (including the Living Allowance component of the Masters and Doctorate Award); and
- additional assistance where it is paid as a supplement to a fortnightly allowance.

**Note 1:** ABSTUDY taxable allowances are regarded as income, even if an allowance is actually paid to a parent/guardian applicant or an agent.

**Note 2:** Under the *Income Tax Assessment Act 1936* student assistance allowances paid on behalf of, or directly to students under 16 years of age (regardless of their status) are not regarded as taxable income.

---

### 6.6.1.2 Living Allowance only

For students who live in a residential college or hostel and who elect to have residential fees paid directly by ABSTUDY, only the reduced Living Allowance entitlement is assessable as taxable income of the student.

See Centrelink publication 'A guide to Commonwealth Government payments' for the current living allowance.

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### 6.6.1.3 Taxation instalments

Students may elect to have tax deducted from taxable ABSTUDY allowances.

---

### 6.6.1.4 Group Certificates issued

Group Certificates detailing the following will be issued to the student at the end of the financial year:

- the gross amount of taxable income paid for the financial year; and
  - the total amount (if any) of taxation instalments deducted for the financial year.
- 

*Continued on next page*

## 6.6.1 Taxable ABSTUDY Allowances, Continued

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### 6.6.1.5 Lodgement of a taxation return

Once tax instalments are deducted, tax payments are forwarded to the ATO. A student wishing to reclaim amounts paid in tax will not be able to do so until the end of the financial year after a taxation return has been lodged and a taxation assessment completed by ATO.

---

## 6.6.2 Tax File Number (TFN)

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### 6.6.2.1

#### Applicants who must provide a TFN

Legislation requires that the following categories of ABSTUDY applicants must provide their Tax TFN when applying for ABSTUDY assistance:

- students aged 16 or older;
  - parents/guardians of students aged less than 16 years; and
  - parents/guardians of all students aged 16 years or older, including part-time applicants, upon whom the student is financially dependent; and
  - the student's partner.
- 

### 6.6.2.2

#### Applicants who need not provide a TFN

The following categories of customers do not need to provide a TFN when making claim for ABSTUDY assistance:

- customers who supplied their TFN to ABSTUDY for a previous claim;
  - students under 16 years of age;
  - students, parents or partners who are exempt from providing their TFN under the *Income Tax Assessment Act 1936* as they receive a FaCS or DVA income support pension or benefit. These are:
    - a FaCS benefit, ie age pension, wife pension, disability pension, carer payment, sole parent pension, widow allowance, special needs pension or special benefit, or
    - a pension under part 3 of the *Veterans' Entitlement Act 1986*;
  - students, parents or partners who are at risk from another person and whose physical safety could be at increased risk from the disclosure of their TFN;
  - Aboriginal or Torres Strait Islander clients who are attending a traditional ceremony at the time of claim lodgement - a TFN must be provided on their return from participation in that ceremony;
  - students, parents or partners who have lost all records of their TFN because of fire or flood damage to their home within the six months preceding the claim for ABSTUDY - ceases to take effect six months after the damage occurred;
  - customers who have lodged a claim for a TFN through Centrelink but have not yet received advice from ATO;
  - parents who live permanently outside Australia and who do not earn income in Australia; and
  - parents or partners who are temporarily overseas - a TFN must be provided on their return to Australia.
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*Continued on next page*

## 6.6.2 Tax File Number (TFN), Continued

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**6.6.2.3  
Commencing  
ABSTUDY  
payments** Payments may not commence on an ABSTUDY claim until either the TFN has been provided from the relevant people (see previous page) or a TFN claim has been lodged with Centrelink for passing on to ATO.

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**6.6.2.4  
Lodgement of  
claims** ABSTUDY applicants may lodge claims for TFNs at Centrelink Customer Service Centres.

Applications for TFNs may also be lodged at regional ATO centres.

---

**6.6.2.5  
Difficulty in  
applying for a  
TFN** For circumstances where a student, student's partner and/or parent/guardian may have difficulty applying for a TFN through normal channels, eg because of access or problems with obtaining documentation, Centrelink and ATO have special arrangements for ABSTUDY students and students' partners or parents/guardians.

These arrangements entail the use of a special form, called the 'Tax File Number claim/enquiry for an Aboriginal or Torres Strait Islander' form, which is only for Aboriginal and Torres Strait Islander people and which includes a section 'Proof of Age Reference' enabling an authorised referee to verify the applicant's identity instead of the need to provide documentary evidence of identity.

The 'Tax File Number claim/enquiry for an Aboriginal or Torres Strait Islander' form may be lodged at any Centrelink Customer Service Centre or mailed directly to Centrelink. Centrelink will then forward the claim to the ATO.

---

**6.6.2.6  
Regarded as  
having  
provided a TFN** A student and student's partner or student's parent/guardian will be regarded as having supplied a TFN if:

- s/he has provided the TFN to Centrelink for a previous claim; or
- s/he provides her/his TFN for the current claim; or
- s/he has lodged a TFN claim/enquiry form with Centrelink.

**Note:** A student and student's partner or parent/guardian who do not provide the required documentation described above will be considered not to have supplied a TFN.

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*Continued on next page*

## 6.6.2 Tax File Number (TFN), Continued

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### 6.6.2.7 Taxation queries

Enquiries about taxation issues not covered in this Chapter should be referred to the nearest ATO.

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## 6.7 ABSTUDY Rates

### Overview

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**Introduction** This chapter explains how the rates are calculated and lists the rates of Living Allowance.

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**In this chapter** This chapter contains the following topics.

<b>Topic</b>	<b>See Page</b>
6.7.1 Calculation of ABSTUDY Rates	6-76
6.7.2 ABSTUDY Living Allowance Rates	6-86
6.7.3 Rates for Continuing Students aged 21 years or more	6-87

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## 6.7.1 Calculation of ABSTUDY Rates

### 6.7.1.1 Introduction

Annual ABSTUDY Living Allowance rates are calculated by multiplying last year's annual rate by the CPI index factor and rounding to the nearest dollar.

The fortnightly rate is then calculated by dividing the new annual rate by the number of days in the year and multiplying by 14 days.

### 6.7.1.2 Factors in calculating entitlement

The allowable income limits abatement intervals and abatement rate needed to calculate Living Allowance entitlement and the upper income limits (UILs) are in the table below.

Abatement Factors	Income Tests			Dependent Child/Student
	Student	Partner	Parental	
Allowable Income Limit (AIL)	\$236.00 p/f \$6,000 pa	\$608.00 p/f over 21 \$15,850 pa	\$27,400	See table at 6.7.1.19
Abatement Interval (AI)	\$2.00	\$2.00	\$4.00	
Abatement Rate (AR)	\$1.00	\$1.00	\$1.00	

Note amounts are example only - See the Centrelink booklet 'A guide to Commonwealth Government payments' for current rates.

### 6.7.1.3 Calculating UILs

To calculate the UILs you need to use the allowable income limit, abatement interval and abatement rate (shown above) and the maximum fortnightly rates of Living Allowance (see 6.7.2.1).

Step	Description of Step
1	Calculate the Actual Annual Payment (AAP). The formula for the AAP is: <b>(Fortnightly rate ÷ 14) x days in the year.</b> When you get the answer ignore the cents.
2	To calculate the UIL, use the following formula: <b>AAP x AI + (AIL + AI - AR).</b> This is the last whole dollar of student, partner, dependent partner or parental income that can be earned before the student becomes ineligible for Living Allowance. The UILs relevant to each particular rate are shown in the table at 6.7.2.1.

*Continued on next page*

## 6.7.1 Calculation of ABSTUDY Rates, Continued

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### 6.7.1.4 Definition of Upper Income Limit

The UIL is the last amount of income a guardian or partner can earn before the student becomes ineligible for ABSTUDY Living Allowance.

---

### 6.7.1.5 Qualifying for maximum Living Allowance

To qualify for the maximum rate of ABSTUDY Living Allowance, the student's income and her/his parents'/guardians' or partner's income must not be higher than the allowable income limits. All relevant income tests must be met.

The allowable income limits apply where students are eligible for Living Allowance for the full calendar year.

A *pro rata* amount applies where the students' relevant period is less than the full calendar year.

---

### 6.7.1.6 Qualifying for a reduced Living Allowance

A reduced rate of Living Allowance may be payable where income is above the allowable income limits, but less than the upper income limits shown in the table at 6.7.2.1.

The table also shows the abatement intervals and abatement rate to use if you need to manually calculate a student's entitlement according to student and parental or partner income.

---

### 6.7.1.7 No minimum payment

A student can be paid any amount of entitlement owed.

---

### 6.7.1.8 Dependent child/student adjustment

Each dependent child in the student's family provides an adjustment to the parents'/guardians' or partner's income for partnered students over 21. Children are defined as either dependent students or dependent children - see 6.7.1.9 and 6.7.1.10.

The amounts of the dependent child and dependent student adjustments are shown at 6.7.1.25.

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*Continued on next page*

## 6.7.1 Calculation of ABSTUDY Rates, Continued

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### 6.7.1.9 Definition of dependent student

An eligible dependent student is any other child who is dependent on the student's parents/guardians, eg sister, brother, step-sister, step-brother, foster sister, foster brother, who is not an eligible dependent child as defined below and is either:

- 16 years of age or more **and:**
  - in a full-time secondary or tertiary course approved for ABSTUDY/ Assistance for Isolated Children;
  - not eligible for the independent rate of ABSTUDY/Youth Allowance; and
  - not receiving assistance from a Commonwealth education allowance other than ABSTUDY/Youth Allowance/Assistance for Isolated Children; **or**
- under 16 years of age **and:**
  - is receiving ABSTUDY/Assistance for Isolated Children, and
  - is not eligible for the independent rate of ABSTUDY.

**Note :** In no case can a dependent child attract both the dependent child adjustment and the dependent student adjustment.

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### 6.7.1.10 Definition of dependent child

An eligible dependent child is any other child who is dependent on the student's parents/guardians, eg sister, brother, step-sister, step-brother, foster sister, foster brother, who:

- is not an eligible dependent student as defined above;
  - was dependent upon the parents at 30 June in the year preceding the year for which assistance is sought; and
  - is under 16 years of age and not receiving benefits under ABSTUDY/ Assistance for Isolated Children.
- 

### 6.7.1.11 Children who do not attract adjustment

The following children do not attract a dependent child/student adjustment:

- a child who is regarded as independent under the ABSTUDY rules or is in State care;
  - a child who is living with the parents/guardians under a student exchange program; or
  - a child who does not live with the/a parent but for whom that parent is paying maintenance.
- 

*Continued on next page*

## 6.7.1 Calculation of ABSTUDY Rates, Continued

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### 6.7.1.12 Dependent adjustment calculations

All dependent adjustments are calculated on the number of dependent children on a continuing basis. ABSTUDY must be reassessed if the number of, or circumstances of dependent children in a family, changes.

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### 6.7.1.13 Change in number of dependent students

Where there is a change in the number of dependent students, reassessment of ABSTUDY benefits will take place as described below:

#### **Loss of a dependent student**

If a student received income-tested assistance due to a dependent student adjustment causing the Adjusted Family Income (AFI) or Adjusted Partner Income (API) (for partnered students 21 years and over) to fall below the Family or Partner Income Limit, the claim must be reassessed with effect from the day that the dependent student:

- ceases to be a full-time student, or
- is granted independent status under ABSTUDY/Youth Allowance.

If the student does not qualify for income-tested assistance without the dependent student, entitlement ceases from that day.

#### **New dependent student**

If a student who has not qualified for income-tested assistance gains a dependent student through the year, the claim should be reassessed to take into consideration the effect of a dependent student in adjusting the AFI or API (for partnered students 21 years and over) to below the Family or Partner Income Limit.

The student's entitlement commences on the day s/he gains the dependent student.

See the Centrelink booklet 'A guide to Commonwealth Government payments' for current rates.

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*Continued on next page*

## 6.7.1 Calculation of ABSTUDY Rates, Continued

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### 6.7.1.14 Change in number of dependent children

When there is a change in the number of dependent children, reassessment of ABSTUDY benefits will take place as described below:

#### **Loss of a dependent child**

If a student received income-tested assistance due to a dependent child adjustment causing the AFI/API (for partnered students 21 year and over) to fall below the Family or Partner Income Limit, the claim must be reassessed with effect from:

- the date from which s/he commenced receiving benefits under ABSTUDY/Assistance for Isolated Children;
- the date from which s/he commences to be a dependent student (as defined on the previous page); or
- the date from which s/he ceases to be dependent upon the parents/guardians.

If the student does not qualify for income-tested assistance without the dependent child, entitlement ceases from that day.

#### **New dependent child**

If a student who has not qualified for income-tested assistance gains a dependent child through the year, the claim should be reassessed to take into consideration the effect of a dependent child in adjusting the AFI/API (for partnered students 21 years and over) to below the Family or Partner Income Limit.

The student's entitlement commences on the day s/he gains the dependent child

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### 6.7.1.15 Dependent adjustment checking related claims

Where a student ceases full-time study and is a tertiary student who ceases to be eligible for the away from home rate or is granted independent status, the student assistance eligibility of a parent, brother or sister (ie 'siblings') may be affected.

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*Continued on next page*

## 6.7.1 Calculation of ABSTUDY Rates, Continued

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### 6.7.1.16 Example 1

*Alf applies for ABSTUDY. At the start of the year, he has three brothers and sisters:*

- *Beth (aged 19 years, in full-time education),*
- *Ches (aged 15 years, in secondary education), and*
- *Delia (aged 10 years, in primary education).*

*On 12 June, Alf's mother gives birth to twins, Eric and Freda.*

*From 1 January to 11 June, the adjustment is:*

<i>Beth</i>	<i>\$3,792</i>
<i>Ches</i>	<i>\$3,792</i>
<i>Delia</i>	<i><u>\$1,230</u></i>
<i>Total</i>	<i><u>\$8,814</u></i>

*From 12 June to 31 December, the adjustment is:*

<i>Beth</i>	<i>\$3,792</i>
<i>Ches</i>	<i>\$3,792</i>
<i>Delia</i>	<i>\$1,230</i>
<i>Eric</i>	<i>\$2,562</i>
<i>Freda</i>	<i><u>\$2,562</u></i>
<i>Total</i>	<i><u>\$13,938</u></i>

---

### 6.7.1.17 Example 2

*At the start of the year, Cassie has one older brother, Fletch, in full-time study.*

*The Adjusted Family Income for Cassie's entitlement will be reassessed if at any time during the year Fletch ceases to be in full-time study or meets an ABSTUDY independence criteria (e.g, marries).*

*This does not depend on whether Fletch actually gets ABSTUDY (for example, his course may not be approved, or his personal income may be too high, or he may be ineligible for ABSTUDY due to previous study or progress rules).*

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*Continued on next page*

## 6.7.1 Calculation of ABSTUDY Rates, Continued

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### 6.7.1.18 Automatic calculation

The impact of student and parental or partner income on ABSTUDY entitlement is calculated automatically.

The method of calculation is the same whether or not ABSTUDY is payable for the whole period. This includes if a student:

- is transferring from Family Tax Benefit A & B;
  - becomes eligible very late in the period of eligibility, for example, where a student in a full-year secondary course turns 16 after the end of the school year but before 31 December, the daily rate is payable from the student's birthday; or
  - turns 18 during a period, two daily rates are calculated:
    - using the relevant 16-17 year old rate until the day before the student's 18th birthday; and
    - using the relevant 18-20 year old rate on and from that day.
- 

### 6.7.1.19 How is parental Income calculated?

This table shows the procedure for calculating parental income.

Step	Action
1	Calculate the total parental income by adding together: <ul style="list-style-type: none"><li>• the taxable income of both parents/guardians for the financial year ending in the year before the year of study, (except principal income derived from Norfolk Island);</li><li>• overseas income taxed in a foreign country (see 6.1.5); and</li><li>• any maintenance payments received in that period by either parent/guardian. This includes maintenance paid direct to the student where it is not the taxable income of the student.</li></ul>
2	Deduct maintenance paid by a parent/guardian.
3	Add the amount for each child, other than the applicant student who is either under the age of 16, or aged 16 to 24 and in full-time study (see 6.7.1.8 and 6.7.1.9).

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*Continued on next page*

## 6.7.1 Calculation of ABSTUDY Rates, Continued

**6.7.1.20** This table shows the procedure for calculating partner income for students  
**How is partner** 21 years and over.

**Income  
calculated?**

Step	Action
1	Calculate the total partner income by adding together: <ul style="list-style-type: none"> <li>• the taxable income of the partner for the fortnight, (except principal income derived from Norfolk Island)</li> <li>• overseas income taxed in a foreign country (see 6.1.5); and</li> <li>• any maintenance payments received in that period by the partner. This includes maintenance paid direct to the child where it is not the taxable income of the child.</li> </ul>
2	Deduct maintenance paid by a partner.
3	Add the amount for each child, who is either under the age of 16, or aged 16 to 24 and in full-time study (see 6.7.1.8 and 6.7.1.9).

**6.7.1.21 Income  
Bank Formula  
and how it  
works**

**The formula is:**

$(\text{Income} - \text{Income Bank}) = \text{Excess}$

If the Excess is less than \$236 there is NO reduction to the Youth Allowance.

If the Excess is between \$236 and \$316:

Then  $(\text{Excess} - 236) \times 0.5 = \text{Affecting Income}$

If the Excess is greater than \$316 then:

$[9(\text{Excess} - \$316) \times 0.7] + 40 = \text{Affecting Income}$ .

If the income is equal to the free area there is no effect on payment or income bank.

See the Centrelink booklet 'A guide to Commonwealth Government payments' for current rates.

*Continued on next page*

## 6.7.1 Calculation of ABSTUDY Rates, Continued

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### 6.7.1.22 Maintenance payments

The income taken into account in the case of divorced or separated parents includes any payments made by way of maintenance to the parent/guardian on whom the student is dependent. Maintenance includes:

- payments made in respect of the student and any other children (including step children) as well as for the upkeep of the custodial parent,
  - payments made to a third party for school fees, household utilities, rates, rent, mortgages or for any other purpose that is for the parent's, or their child's direct or indirect benefit; and
  - payments made by the Child Support Agency as these have originated from the non-custodial parent.
- 

### 6.7.1.23 Negative income by one parent

It is not possible for one parent's loss or negative income to reduce the effect of the other parent's positive income. The loss should be treated as zero income and the other parent's income will be the family's total taxable income

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### 6.7.1.24 Averaged income

Averaged income as used for certain taxation purposes eg, by primary producers, is not taken into account for ABSTUDY purposes. Income for the previous financial year is used unless current income or special assessment applies.

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### 6.7.1.25 Calculating Adjusted Family Income

Add the following to the parent income threshold (AFI).

- a dependent child adjustment for the first child and an adjustment for each other child (other than the applicant) who is not an eligible dependent student as defined in 6.7.1.9; and
- a dependent student adjustment for each dependent student (other than the applicant) who is not an eligible dependent child as defined in 6.7.1.10; and

a dependent student adjustment that applies to a tertiary student approved to live away from home who has a tertiary student sibling also approved to live away from home. See Centrelink publication 'A guide to Commonwealth Government payments' for each of the current child and student adjustment rates.

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*Continued on next page*

## 6.7.1 Calculation of ABSTUDY Rates, Continued

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**6.7.1.26**  
**Adjusted**  
**Income figure**

The final figure is the AFI and is compared to the Family (parental) Limit.

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**6.7.1.27**  
**Comparison of**  
**AFI/API**

If the AFI exceeds the family (parental) limit the student is not entitled to any income tested form of assistance.

**Income Limits**

In the calculation of allowance entitlement, limits apply to the income of the student's parents or partner and to the student's own income. When income exceeds either of those upper limits the student has no entitlement to income tested assistance.

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## 6.7.2 ABSTUDY Living Allowance Rates

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### 6.7.2.1

#### Maximum rates

Living Allowance rates are subject to Consumer Price Index (CPI) changes each year. Maximum rates for students 21 years and over are indexed by the CPI in March and September. Refer to the Centrelink Rate Guide for updated rates.

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## 6.7.3 Rates for Continuing Students aged 21 years or more

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### 6.7.3.1 Maintenance of rates due to policy changes in 2000

**Continuing students aged 21** years or more in receipt of the ABSTUDY Living Allowance in 1999 will be maintained at the 1999 rate of Living Allowance until the completion of their course. A similar provision applies to PESrecipients.

The policy intent is that students studying in 1999 who undertook a particular course of study and who were continuing in this course of study in 2000, 2001, 2002 and 2003, would be maintained on at least the 1999 rate of benefit for the duration of the course.

---

### 6.7.3.2 Definition of a 'current course of study'

The definition of a 'current course of study' means:

- regular undergraduate courses;
  - articulated courses, such as those where a series of courses can be linked to count towards a higher level of qualification;
  - a continuing course in the same field of study undertaken at different institutions or at a different campus;
  - a natural progression of courses, such as:
    - a Bachelor of Laws and Letters followed by a Graduate Diploma of Legal Studies; or
    - an access or bridging course undertaken as a prerequisite entry to a tertiary qualification; or
    - a Bachelor degree that is a prerequisite for a Graduate degree, or
    - an Honours or Masters Qualifying year followed by a Masters.
- 

### 6.7.3.3 Break in study exemptions

A continuing student is one who has not had a break in study between 1999, 2000, 2001, 2002 and 2003. Exemptions to this rule are exceptional circumstances beyond the student's control. A break in study can be justified on:

- medical grounds;
  - personal circumstances; or
  - academic course requirements or availability.
-

## 6.8 Student Income Bank

### Overview

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**Introduction** This chapter explains access to the student income bank and higher income free area.

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**In this chapter** This chapter contains the following topics.

Topic	See Page
6.8.1 Student Income Bank	6-89

---

## 6.8.1 Student Income Bank

---

### 6.8.1.1 Student Income Bank

The Student Income Bank allows a student to accumulate any unused part of their allowable income limit per fortnight up to the maximum accumulated limit while studying without affecting their Living Allowance. It has been designed to reflect the fact that students generally earn income through the holiday periods, rather than throughout the year. The Student Income Bank operates by saving the unused part of the fortnightly income free area as credits. The saved credits are then available to offset the personal income/earnings in future fortnights.

See Centrelink publication 'A guide to Commonwealth Government payments' for the current allowable income limit per fortnight and the maximum accumulated limit.

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### 6.8.1.2 Rules of the Student Income Bank

The following rules apply to the student income bank:

- the maximum credit that can be saved is the maximum accumulated limit;
  - the balance is not set to zero annually;
  - all credits are annulled when a student stops full-time study; and
  - continuing students retain their credits over vacation periods.
- 

### 6.8.1.3 Access to the Student Income Bank and Higher Income Free Area

Students have access to both the student income bank and the higher income free area on any fortnight in which they are considered to be a full-time student.

The following table shows when access to the student income bank and the higher income free area starts for students in different situations.

<b>A student who is</b>	<b>Has access from the...</b>
A new student	<ul style="list-style-type: none"><li>• date their course starts.</li></ul>
An existing student	<ul style="list-style-type: none"><li>• date of the first fortnight of study or training; or</li><li>• date of eligibility for Living Allowance</li></ul>

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*Continued on next page*

## 6.8.1 Student Income Bank, Continued

### 6.8.1.3 Access to the Student Income Bank and Higher Income Free Area (con't)

**Exceptions:** Students who leave a course before the course ends have access to the student income bank and the higher income free area until:

- the end of the fortnight they leave the course, if notification requirements are met, or
- the end of the notification period, if one applies.

### 6.8.1.4 Operation of the Student Income Bank

The following table shows how the student income bank operates when a student has ordinary income in a fortnight.

<b>If the income is</b>	<b>Then...</b>	<b>And...</b>
Less than the income free area,	subtract the income from the income free area to determine the saved amount,	add the saved amount to the student's student income bank credits.
Equal to the income free area,	there is no effect on payment,	there is no effect on the student income bank.
Greater than the income free area, but less than or equal to the student income bank credit,	subtract the income free area from the income to determine the reduction for income,	subtract the reduction to income from both the student income bank credit and the ordinary income. The effect is that there is no ordinary income for the fortnight.
Greater than both the free area and the student income bank credit,	subtract the student income bank credit from the income to determine the student income bank debit,	reduce the student income bank credit to zero. The income bank does not run into minus amounts.

### 6.8.1.5 Example

*Adam has a \$500 credit in his Student Income Bank. He has worked within the last fortnight and earned \$350. As this is over the \$236 income limit, the amount that Adam has earned has reduced his Student Income Bank credit by \$114 to \$386. This has not affected Adam's payment for the fortnight as he had sufficient Student Income Bank credit to offset against his earnings.*

*Continued on next page*

## 6.8.1 Student Income Bank, Continued

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**6.8.1.6 Review of Student Income Bank** Students are required to declare their income every three months to Centrelink. Students with irregular income should tell Centrelink about their fortnightly income every fortnight, to minimise the risk of ABSTUDY debt.

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## 6.9 Negative Gearing/Net Passive Business Losses

### Overview

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**Introduction** The partner and parental income tests include the value of income losses claimed by individuals. This type of taxation deduction is often referred to as “negative gearing”.

The net amount of negative gearing deductions claimed against other taxable income are to be self-declared on the ABSTUDY claim form at the time of application by the student’s parent/s or partner as applicable.

This chapter details which losses (negative gearing) are to be included in the income tests.

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**In this chapter** This chapter contains the following topics.

Topic	See Page
6.9.1 Description of Negative Gearing Losses	6-93

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## 6.9.1 Description of Negative Gearing Losses

---

### 6.9.1.1

#### **Definition: rental property losses**

A parent or partner who reduces their taxable income by claiming a loss against rental property owned in their own name will have to add back the value of the rental property deduction (commonly known as negative gearing) for ABSTUDY purposes. Rental property losses flowing through to the individual parent or partner, from rental property owned in a partnership, trust or company, are not taken into account for the ABSTUDY income test.

Any substantial changes in taxable income deductions from rental property losses (negative gearing), may warrant reassessment because of the effect on current or reverse current income.

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### 6.9.1.2

#### **What is rental property**

“Rental property” owned by an individual person includes:

- a house, home unit or flat;
  - a room in a house, home unit or flat;
  - an on-site caravan;
  - a house-boat;
  - an overseas rental property; or
  - any other similar rental property.
- 

### 6.9.1.3

#### **Definition: Property losses**

A parent or partner who reduces their taxable income by claiming losses against any non-property investments, eg share portfolios, owned in their own name must add back the value of that deduction.

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### 6.9.1.4

#### **What is included?**

Items for which losses may be claimed against taxable income include:

- share portfolios; and/or
  - partnership, trust and company rental property losses.
- 

### 6.9.1.5

#### **Valuing negative gearing**

Only the amount allowed as a taxable income deduction claimed by the individual relevant taxpayer (ie parent or partner) will be added to their income.

*For example: A relevant person’s taxable income may be reduced by \$4,000 in claimable rental property losses, although other, non-claimable losses amounted to a further \$3,000. Only the amount of \$4,000 will be added to that person’s income for ABSTUDY purposes.*

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## 6.10 Fringe Benefits

### Overview

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Employers are required to report Fringe Benefits amounts on group certificates.

As ABSTUDY is aligned to Youth Allowance for students under 21 and Newstart for students 21 years and over, refer to Social Security law and the Social Security Guide for details of Fringe Benefits.

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**In this chapter** This chapter contains the following topics.

<b>Topic</b>	<b>See Page</b>
6.10.1 Description of Fringe Benefits	6-95
6.10.2 Valuing Fringe Benefits	6-97

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## 6.10.1 Description of Fringe Benefits

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### 6.10.1.1 Introduction

Fringe benefits include the value of any employer provided benefit received during the base tax year. An employer provided benefit is any right, privilege, service, in kind payment or facility that an employee receives (or assigns to someone else) from their employment.

Employees may 'sacrifice' an amount of their cash salary and receive the value of the amount as a fringe benefit. In other cases, a fringe benefit may be a fixed part of the employee's salary package.

Common forms of salary sacrifice or fringe benefits include, but are not limited to:

- leasing of vehicles;
- extra superannuation contributions;
- investments;
- expense benefits;
- child care;
- housing assistance; and
- low interest loans.

As the value of the benefit is not recorded as salary for the employee, they do not pay income tax on that amount. Instead, the employer pays fringe benefits tax (FBT) on the value of the benefit.

The amount to be declared is the 'Reportable Fringe Benefits Total' as reported on the employee's group certificate. The reportable fringe benefit is used for the purposes of the ABSTUDY parental income test.

Fringe benefits apply to both aspects of current income, so that increases of 25% or more in income, including fringe benefits, and substantial decreases in income, may warrant reassessment based on current income.

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### 6.10.1.2 Overseas Fringe Benefits

The Australian equivalent of the value of fringe benefits provided overseas is taken into account for income testing purposes. If a student's partner or parents are working overseas and receiving any of those fringe benefits, the Australian equivalent of the value of the benefits is to be included.

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*Continued on next page*

## 6.10.1 Description of Fringe Benefits, Continued

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**6.10.1.3**  
**Use of exchange rates to convert overseas fringe benefit values**

The overseas value of the fringe benefit is converted to an Australian value by dividing the value of the benefit in the overseas currency by the appropriate exchange rate. For example, the value of the car benefit (see above) is converted to an Australian value by dividing the New Zealand value by the applicable exchange rate.

---

**6.10.1.4**  
**Ministers of religion**

Ministers of religion are treated the same as way any other employee for the purposes of assessing adjusted fringe benefits. However, certain benefits received by ministers of religion are exempt under Section 57 of the *Fringe Benefits Tax Assessment Act*. These benefits will not appear on their group certificate, and therefore will not be assessed as adjusted fringe benefits.

The assessment of adjusted fringe benefits for ministers of religion is also based on the grossed fringe benefit recorded on their group certificate.

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## 6.10.2 Valuing Fringe Benefits

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### 6.10.2.1 Employer responsibility

The employer is responsible for reporting fringe benefits on an employee's group certificate. The amount that is reported on the group certificate is the grossed-up value of the fringe benefit and is referred to as the 'reportable fringe benefit total'.

---

### 6.10.2.2 Fringe Benefit Tax Rate

The FBT rate is the fringe benefits tax rate set by the *Fringe Benefits Tax Act 1986*. It is the highest marginal tax rate including the Medicare levy. There is an updated FBT rate each year and it is expressed as a percentage of 1.

A fringe benefits tax year runs from 1 April to 31 March. Where customers elect to give an employer statement of the value of their fringe benefits, the relevant fringe benefits tax year is the one completed in the relevant year of income (see 6.3).

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### 6.10.2.3 First \$1,000 reportable FBT exempt

The first \$1,000 of reportable fringe benefits is exempt from the parental and partner income test. Reportable fringe benefits in excess of \$1,000 appear on an employee's Group Certificate. The reportable fringe benefits will be reduced by the maximum tax rate and the adjusted fringe benefits will be added to the parental or partner income.

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### 6.10.2.4 Fringe Benefits Tax Accounting Period

In respect of the reportable fringe benefits, the assessable value of such is normally measured against the fringe benefit tax accounting period (1 April to 31 March) ending prior to the year for which assistance is sought. This may vary if current income assessment (see 6.3.1) applies. The reportable fringe benefits total is found on the group certificate provided by the employer.

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### 6.10.2.5 Reporting of FBT

Reporting fringe benefits is the responsibility of the employer. If further information is required in regard to fringe benefits, the employee should seek advice from the employer or the ATO.

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