

30 April 2009

AFTS Secretariat
The Treasury
Langton Crescent
PARKES ACT 2600

Dear Sirs

Tax submission affecting people with disabilities

I make a submission regarding the current tax review by the Australia's Future Tax System Secretariat of the Federal Treasury. I set out below my submissions proposing amendments to the tax system to improve equity in relation to costs incurred due to disability.

Cost of paid carers

The income tax offset for medical expenses covers the cost of paying a carer, but only if the person cared for is blind or permanently confined to bed or a wheelchair. Aside from being an inequitable distinction, a person with severe disabilities needs much more care than a person who is blind. Accordingly, those in greater need get less government support under these current rules.

I submit that the items qualifying for the medical expenses tax offset should be broadened to include care for all people with a disability (Submission 1).

The cost of care is a huge burden on people with disability and their families. This proposed amendment would refund tax payable equal to 20% of the cost of paid carers above the threshold, leaving individuals with more than 80% of this cost. The submitted amendment would improve the equity of the tax system.

Cost of disability-related services

People with disabilities face hidden extra costs in every facet of life as a result of their disability. This is not reflected in welfare payments to carers, nor are many of these costs eligible for Medicare support, private health insurance cover, child care tax rebate, Child Care Benefit or the medical expenses tax offset.

One large cost for people with disabilities is the cost of disability service fees, which include the following examples:

1. respite service fees; and
2. the cost of disability support groups and information workshops – many people with disabilities attend workshops or support groups to gain assistance in understanding and managing their disability.

I submit that the items qualifying for the medical expenses tax offset should be broadened to include service fees incurred due to a person's disability (Submission 2).

This amendment proposed by Submission 2 would refund 20% of the cost of disability service fees above the annual \$1,500 threshold, leaving individuals with more than 80% of this cost. This submitted amendment would improve the equity of the tax system and support those with special needs due to disability.

Yours sincerely

Neil Maclean