HEALTH INSURANCE LEVY ASSESSMENT AMENDMENT BILL 1978

Date Introduced: 6 June 1978
House: House of Representatives
Presented by: Hon. J. Howard, M.P., Treasurer

Short Digest of Bill

Purpose

To amend certain provisions of the Income Tax Assessment Act 1936 relating to the payment of the health insurance levy.

Background

The changes outlined in this Digest are of an administrative nature, designed to overcome certain anomalies in the provisions relating to payment of the health insurance levy. They are quite separate from the cost-saving changes outlined by the Minister for Health, Hon. R.J. Hunt, in his Ministerial Statement on 24 May 1978.

In his Second Reading Speech, the Treasurer foreshadowed further changes to the health insurance levy arrangements following proposed changes contained in the National Health Amendment Bill, which was introduced into the House of Representatives on the same day. Under that amendment, (see Bills Digest) an Australian resident temporarily overseas or a non-resident temporarily in Australia, who has adequate cover under an overseas health fund plan, may be treated as a privately insured person, and then will be exempt from the health insurance levy.

Main Provisions

Sub-clause 3(1) amends section 251R of the Principal Act so as to ensure that, where a child of a divorced or separated couple would, under the existing law, be taken as a dependant of both parents for health insurance levy purposes, the child will be taken to be a dependent solely of the parent who is paid family allowances for the child. This avoids the present possibility of both parents being required to pay levy up to the full family ceiling as a result of the same child being taken as a dependant of each of them.

Sub-clause 4(1) proposes two technical amendments of section 251U of the Principal Act. In broad terms, that section provides that any excess of income tax concessional rebates over the amount of
income tax payable may be set off against the health insurance levy. Paragraph (a) of sub-clause 4(1) simply changes the wording of section 251U(1) in order to remove the possibility of a misinterpretation of that section.

Paragraph (b) of sub-clause 4(1) is also a purely technical amendment, and is necessitated by the abolition, in the 1977-78 Budget, of the general concessional rebate of tax that was first introduced in the 1975-76 Budget.

Sub-clause 5(1) amends section 251V of the Principal Act. That section contains, among other things, a description of those categories of persons exempt from the levy. The proposed amendment will have the effect of exempting from the levy foreign government representatives in Australia, and their families, unless the person concerned is an Australian citizen or a person who ordinarily resides in Australia. This amendment also overcomes an existing anomaly whereby such people may be liable for the levy but not eligible for standard medibank benefits.

Under the provisions of the Bill, all of the proposed amendments will first apply to assessments in respect of the 1978-79 income year.