

Australian Capital Territory

# Taxation Administration (Rates—Eligible Person Since 30 June 1997) Determination 2016 (No 1)

Disallowable instrument DI2016–150

made under the

*Taxation Administration Act 1999*, s 139 (Determination of amounts payable under tax laws)

## EXPLANATORY STATEMENT

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1. This disallowable instrument commences on 1 July 2016.
2. Under section 139 of the *Taxation Administration Act 1999*, the Minister has the authority to determine, in writing by disallowable instrument, amounts and rates applicable for determining amounts for the *Rates Act 2004* (Rates Act).
3. Under the Rates Act, eligible people (including pensioners and their partners in some cases) can receive a rebate of general rates on their principal place of residence.
4. Pensioners in receipt of a general rates rebate prior to 1 July 1997 have previously received a rebate of 50 per cent of their rates, with no maximum or limit imposed. These pensioners continue to receive this uncapped rebate until they cease to be an eligible pensioner (the uncapped rebate). There are approximately 3,000 households in the ACT currently accessing the uncapped rebate.
5. Pensioners entering the general rates rebate scheme on or after 1 July 1997 are not eligible for the uncapped rebate, and instead receive a capped rebate. The rebate cap is determined annually by disallowable instrument. For 2015–16 the rebate cap was \$700 per property. There are approximately 12,000 households currently accessing the capped rebate scheme.
6. The Rates (Pensioner Rebate) Amendment Bill 2016 (the Bill), presented to the Legislative Assembly on 7 June 2016, will amend the uncapped rebate scheme to improve the equity between the uncapped and capped rebate programs.

7. As the changes to the uncapped rebate were announced in the 2016–17 Budget with effect from 1 July 2016, and the Bill is yet to be debated by the Legislative Assembly, this instrument implements the required changes through variations to the general rates fixed charge. This is an interim measure to provide taxpayer confidence and certainty.
8. On the commencement of the Bill, the uncapped rebate scheme in the Rates Act will be amended to become the lesser of: the amount the person received as a rebate in the previous year; or, 50 per cent of their rates liability. This instrument only has operative effect until the Bill commences, at which time section 63 of the Rates Act (as amended by the Bill) will determine the amount of the rebate based on the expression above.
9. The instrument applies to a person who has been an eligible person since 30 June 1997 and who is therefore eligible for the uncapped rebate under section 63.
10. The instrument determines the amount of the fixed charges under the Rates Act (sections 14 (3) and 34 (4)) as the 2016–17 Budget figure of \$765 for residential land, plus the difference between:
  - a. the rates that would have been payable by the person in the 2016–17 financial year under the *Taxation Administration (Rates) Determination 2016 (No 1)* DI2016-110, disregarding this instrument in that calculation; and
  - b. the rates payable by the person in the 2015–16 financial year;
11. The fixed charges are similarly determined for rural land, based on the Budget figure of \$150 plus the difference between:
  - a. the rates that would have been payable by the person for 2016–17 under DI2016-110; and
  - b. the rates payable for 2015–16;
12. The calculations above only apply if the 2016–17 rates are greater than the 2015–16 rates. If the 2016–17 rates payable were less than or equal to the 2015–16 rates payable, the fixed charges are determined at \$765 for residential land and \$150 for rural land.
13. For the purposes of this instrument the amount of rates payable by the person is apportioned in accordance with section 60 of the Act. Therefore, if the person is a joint owner of a parcel, the references to fixed charges and rates in this instrument are proportional to the person’s ownership of the parcel.
14. The fixed charges determined by this instrument are in place of the fixed charges determined under DI2016-110 for 2016–17, and apply only to the class of people who are eligible people under section 63 of the Rates Act. The determinations in this instrument ensure the changes to the uncapped rebate scheme can be imposed with effect from 1 July 2016.
15. These changes, when taken as a whole, improve the equity of the concessions provided by the rebates by improving sustainability and reducing the gap

between the uncapped and capped rebate schemes over time. The amendments to the rebates minimise the impact of the change on households under the uncapped rebate scheme by maintaining the level of concession currently available to them.

16. Households under the capped rebate scheme will continue to receive a 50 per cent rebate on their general rates, up to the determined rebate cap for 2016–17.

Authorised by the Treasurer  
Andrew Barr MLA