



EDUCATION TAX REFUND FACT SHEET



Overview

- The Education Tax Refund (ETR) aims to help families, with children undertaking primary or secondary school studies to meet the costs of school education through assistance with certain education expenses.
- Under the Government's ETR, eligible families will be able to claim:
 - a 50 per cent refundable tax offset every year for up to \$750 for each child undertaking primary school, (that is, a refund of up to \$375 per child, per year);
 - a 50 per cent refundable tax offset every year for up to \$1,500 for each child undertaking secondary school (that is, a refund of up to \$750 per child, per year).

Eligibility

- Those entitled to Family Tax Benefit (FTB) Part A in respect of children undertaking primary or secondary school studies for the relevant financial year are eligible to the ETR.
- Eligibility is also extended to parents with school children undertaking primary or secondary school studies who would be an eligible child for FTB Part A purposes, but for the fact that the child receives certain payments or allowances, for example:
 - Youth Allowance;
 - Disability Support Pension;
 - ABSTUDY Living Allowance;
 - payments under the Veterans' Children Education Scheme; and
 - payments under the Military Rehabilitation and Compensation Act 2004.
- School children undertaking primary or secondary school studies and who are independent of their parents may also be eligible.
- For families that have shared care arrangements, the ETR will be shared just as FTB Part A is shared.
- The families of students who enter or leave school in any school year would be eligible to claim the ETR for half of the financial year that they attended school.
- For students who transition from primary to secondary school in a single financial year the full ETR, based on the secondary-school rate, can be claimed.
- Families with home-schooled students can also claim the ETR. To be eligible, students must be registered with the relevant State/Territory Government.

Eligible expenses

- Eligible expenses are items that support a child during school and improve the quality of education.
- For the purposes of the ETR, eligible educational expenses are:
 - laptops, home computers and associated costs (including repair and running costs of computer equipment and lease costs), home Internet connection and printers and paper;
 - education software;
 - school textbooks and material (including prescribed textbooks, associated learning materials, study guides and stationery); and
 - prescribed trade tools.
- Eligible expenses that have been incurred by a parent or guardian with more than one child with an ETR entitlement can be pooled and claimed against the children's combined ETR entitlement, provided that the children all have access to the purchased items.
- Education expenses in excess of what can be claimed in a financial year (that is, expenses over \$1,500 per annum for a secondary school student or \$750 for a primary school student) are able to be carried over in the following financial year. Eligible expenses that are not utilised for the purpose of claiming the ETR in the financial year that they occurred or the subsequent financial year would automatically lapse.
- The ETR may not be claimed for educational expenses if a tax deduction or a Commonwealth Government payment/subsidy is payable in respect of that expense.

Commencement of the ETR

- The refundable tax offset will apply to eligible expenses incurred from 1 July 2008. Parents cannot claim the offset in 2008, but they should start keeping records after 1 July 2008 to enable their ETR claim to be made in their 2008-09 income tax return.

Claiming the ETR

- Parents can simply claim the refund against eligible education expenses incurred from 1 July 2008, when they complete their 2008-09 income tax return.
- Parents and eligible independent students who do not ordinarily lodge an income tax return can also claim the refund through the Australian Taxation Office.
 - For those who are not required to complete an income tax return, a separate form will be available to allow the refund to be claimed at the end of the 2008-09 financial year.

Evidence to support an ETR claim

- Claimants are expected to retain receipts for the purchases of items for which they intend to claim the ETR.