

EXPOSURE DRAFT

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Inserts for
**Tax Laws Amendment (2013 Measures
No. 5) Bill 2013: Phase-out of rebate for
medical expenses**

Commencement information

Column 1	Column 2	Column 3
Provision(s)	Commencement	Date/Details
1. Schedule #, Part 1	The day this Act receives the Royal Assent.	
2. Schedule #, item 2	The day this Act receives the Royal Assent.	
3. Schedule #, items 3 to 8	1 July 2019.	1 July 2019

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Schedule #—Phase-out of rebate for medical expenses

Part 1—Main amendments

Income Tax Assessment Act 1936

1 Before subsection 159P(1)

Insert:

Phase-out of rebate for medical expenses

- (1A) A taxpayer is not entitled to a rebate of tax under this section in respect of the 2019-20 year of income or a later year of income.
- (1B) For the 2013-14 to 2018-19 years of income, an amount that would otherwise be paid as medical expenses is treated as *not* being paid as medical expenses unless the payment:
- (a) relates to an aid for a person with a disability; or
 - (b) relates to services rendered by a person as an attendant of a person with a disability; or
 - (c) relates to care provided by an approved provider (within the meaning of the *Aged Care Act 1997*) of a person who:
 - (i) is approved as a care recipient under that Act; or
 - (ii) is a continuing care recipient within the meaning of that Act.
- (1C) However, subsection (1B) does not apply to amounts paid in a year of income as medical expenses in respect of a taxpayer:
- (a) for the 2013-14 year of income—if the taxpayer’s assessment for the 2012-13 year of income included an amount of rebate under this section that was greater than nil; and
 - (b) for the 2014-15 year of income—if the taxpayer’s assessment for both the 2012-13 and 2013-14 years of income included an amount of rebate under this section that was greater than nil.
- (1D) Subsection (1B) also does not apply in working out a rebate of tax to which the trustee of a trust estate is entitled in respect of amounts paid in a year of income as medical expenses in respect of a beneficiary:

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- (a) for the 2013-14 year of income—if the trustee’s assessment for the 2012-13 year of income included an amount of rebate under this section in respect of the beneficiary that was greater than nil; and
 - (b) for the 2014-15 year of income—if the trustee’s assessment for both the 2012-13 and 2013-14 years of income included an amount of rebate under this section in respect of the beneficiary that was greater than nil.

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1 Part 2—Consequential amendments

2 *Fringe Benefits Tax Assessment Act 1986*

3 **2 Subsection 58L(2)**

4 Repeal the subsection, substitute:

5 (2) In this section:

6 *medical expenses* means payments:

- 7 (a) to a legally qualified medical practitioner, nurse or chemist,
8 or a public or private hospital, in respect of an illness or
9 operation; or
- 10 (b) to a legally qualified dentist for dental services or treatment
11 or the supply, alteration or repair of artificial teeth; or
- 12 (c) to a person registered under a law of a State or Territory as a
13 dental mechanic in respect of charges lawfully made by that
14 person for the supply, alteration or repair of artificial teeth; or
- 15 (d) for therapeutic treatment administered by direction of a
16 legally qualified medical practitioner; or
- 17 (e) in respect of an artificial limb (or part of a limb), artificial
18 eye or hearing aid; or
- 19 (f) in respect of a medical or surgical appliance (not otherwise
20 specified in this definition) prescribed by a legally qualified
21 medical practitioner; or
- 22 (g) for:
- 23 (i) the testing of eyes or the prescribing of spectacles or
24 contact lenses by a person legally qualified to perform
25 those services; or
- 26 (ii) the supply of spectacles or contact lenses in accordance
27 with any such prescription; or
- 28 (h) as remuneration of a person for services rendered by him or
29 her as an attendant of a person who is blind or permanently
30 confined to a bed or an invalid chair; or
- 31 (i) for the maintenance of a dog used for the guidance or
32 assistance of, but not social therapy for, a person with a
33 disability, being a dog that the Commissioner is satisfied is
34 properly trained in the guidance or assistance of persons with
35 disabilities.

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1 **medical treatment** means an act or thing where a payment in
2 respect of the act or thing:

3 (a) is a medical expense; and

4 (b) is not a payment:

5 (i) to a legally qualified medical practitioner, nurse or
6 chemist, or a public or private hospital, in respect of a
7 cosmetic operation that is not a professional service
8 (within the meaning of subsection 3(1) of the *Health*
9 *Insurance Act 1973*) for which a medicare benefit is
10 payable under Part II of that Act; or

11 (ii) to a legally qualified dentist for dental services that are,
12 or dental treatment that is, solely cosmetic.

13 (3) For the purposes of the definitions of **medical expenses** and
14 **medical treatment** in subsection (2), a payment is taken to be made
15 to a legally qualified medical practitioner, nurse or chemist (the
16 **qualified person**) in respect of the provision of services or
17 treatment, or the supply of goods, if:

18 (a) the payment is made to an employer (not being a public or
19 private hospital) of the qualified person, or a person with
20 whom the qualified person has entered into a contract for
21 services; and

22 (b) the payment is made in respect of the provision of those
23 services or that treatment, or the supply of those goods, by
24 the qualified person.

25 (4) For the purposes of the definitions of **medical expenses** and
26 **medical treatment** in subsection (2), a payment is taken to be made
27 to a legally qualified dentist in respect of the provision of dental
28 services or treatment or the supply, alteration or repair of artificial
29 teeth if:

30 (a) the payment is made to an employer of the dentist, or a
31 person with whom the dentist has entered into a contract for
32 services; and

33 (b) the payment is made in respect of the provision of those
34 services or that treatment or the supply, alteration or repair of
35 those artificial teeth, by the dentist.

36 (5) For the purposes of the definitions of **medical expenses** and
37 **medical treatment** in subsection (2), a payment is taken to be made
38 to a person (a **registered dental mechanic**) registered under a law
39 of a State or Territory as a dental mechanic in respect of charges

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1 lawfully made by the registered dental mechanic for the supply,
2 alteration or repair of artificial teeth if:

- 3 (a) the payment is made to an employer of such a person, or a
4 person with whom such a person has entered into a contract
5 for services; and
6 (b) the charges are made in respect of the supply, alteration or
7 repair of artificial teeth by the dental mechanic.

8 *Income Tax Assessment Act 1936*

9 **3 Subsection 6(1)**

10 Repeal the following definitions:

- 11 (a) definition of *family tier 1 threshold*;
12 (b) definition of *medical expense rebate higher phase-in limit*;
13 (c) definition of *medical expense rebate lower phase-in limit*;
14 (d) definition of *rebatable medical expense amount*;
15 (e) definition of *singles tier 1 threshold*.

16 **4 Subsection 159HA(1)**

17 Omit “, 159L and 159Q”, substitute “and 159L”.

18 **5 Subsection 159HA(7) (table items 4 and 5)**

19 Repeal the items.

20 **6 Sections 159P and 159Q**

21 Repeal the sections.

22 *Income Tax Assessment Act 1997*

23 **7 Section 13-1 (table item headed “dependants”)**

24 Omit:
see also *medical expenses*

25 **8 Section 13-1 (table item headed “medical expenses”)**

26 Repeal the item.