

## Submission to Treasury re proposed Phase-out of the Net Medical Expenses Tax Offset (NMETO)

I make this submission on behalf on myself and my wife who has had Parkinson's Disease for over fourteen years and was admitted in mid 2013 permanently to aged high care.

Only recently we learnt that ATO had commenced applying this phase-out when we experienced difficulty in accessing the Instructions for Supplementary Personal Return which formerly gave advice regarding Item T6. The 2013 papers made no mention of any other proposals for further reduction of eligible deductions for calculation of tax rebates.

### **Fairness and Simplicity**

Close scrutiny of related information on the Internet revealed that clients of tax agents had been advised of the phase-out which was not mentioned anywhere in Instructions for 2013 generally available to others who had not engaged a tax agent.

It can be expected that there may be a number of taxpayers ignorant of the proposed measures who may have failed to lodge a claim in 2013 and consequently will no longer be eligible to do so. This may 'simplify' instructions and reduce the number of claims, but is hardly fair !

We also contend that these measures are inequitable to those currently in aged care , and also, in many cases, inequitable for their carers, who as a consequence of the loss of rebates will be forced to make further contributions from their limited family income.

### **NDIS**

We can see no benefits from the progressive application of NDIS, mentioned in ATO supporting documents, as this measure does not apply to those aged over 65,

### **Aged care enhancements**

We have seen nothing to confirm that such 'enhancements' will in any way reduce the outgoings currently experienced by those in aged care establishments- on the contrary these seem likely to escalate in accordance with financial indexing.

WE find already that our outgoings exceed our current income from interest bearing deposits and investments, and our expenditure will be further increased if the measures are adopted in full and we lose the rebate- perhaps there should be consideration of 'grandfathering' provisions beyond 2019 ?

It seems likely that we are not alone in bearing these increasing financial burdens which come on top of financial losses due to the GFC.

As statcd elsewhere - Submission by Carers Queensland to Treasury consultation on the Australian Financial System Inquiry 2013-

“Carers are, by and large, the main providers of care and support... and.... it has been estimated provide 74% of assistance required.”

Furthermore in that submission it was stated that-

“data from ABS-Survey of Disability Ageing and Carers (2012)- indicates that significant proportions of carers are financially disadvantaged:

- Almost two thirds (65%) of primary carers resided in a household with equivalised gross household income in the lowest two quintiles, compared with 36% of non-carers. The median gross personal income per week for a primary carer was \$400, and for a non-carer was \$600 and
- 55% of primary carers are on a Government pension or allowance. Fifty four per cent of primary carers have difficulty meeting everyday costs as a result of a caring role.

Research conducted by ACOSS (2012) indicates that in households where the main income earner is in receipt of the Carer Payment or the Age Pension, 24% and 14% respectively, live below the poverty line.<sup>3</sup>

At the aggregate level carers have a higher rate of poverty and those carers caring for two years or more are more likely to be in persistent poverty.<sup>4</sup> Like other low income earners, many carers are financially vulnerable and lack the resilience necessary to manage unexpected costs without asset de-accumulation or incurring expensive debt and as a result are egregiously marginalised.. “

We contend that neither the proposed ‘simplifications’ nor the aged care ‘enhancements’ offer any respite or financial assistance to us, or others in a similar position who merely stand to lose the current Rebates, which will exacerbate their financial difficulties.

Submitted by WN Darby  
January 15, 2014