

EXPLANATORY STATEMENT

Select Legislative Instrument 2006 No. 60

Issued by authority of the Minister for Revenue and Assistant Treasurer

Income Tax Assessment Act 1997

Income Tax Amendment Regulations 2006 (No. 1)

Section 909-1 of the *Income Tax Assessment Act 1997* (the Act) provides that the Governor-General may make regulations prescribing matters required or permitted by the Act to be prescribed, or necessary or convenient to be prescribed for carrying out or giving effect to the Act.

Subregulation 61-330.01(4) of the *Income Tax Assessment Regulations 1997* (the Principal Regulations) details the information which health insurance funds are required to include in annual statements issued to members. In particular paragraph 61-330.01(4)(f) currently requires annual statements to specify 30 per cent of the premiums paid for private health insurance, which members use to work out their private health insurance offset.

The *Private Health Insurance Incentives Amendment Act 2005* amended subsection 61-340(5) of the Act to increase the private health insurance rebate to 35 per cent for persons aged between 65 years and 69 years, and to 40 per cent for persons aged 70 years or over, with effect from 1 April 2005. The rebate remains 30 per cent for persons aged under 65 years.

The amending Regulations provide that the tax offset to be included in the annual statements issued by the health insurance funds is to be calculated in accordance with subsection 61-340(5) of the Act.

The amending Regulations also make minor amendments to the Principal Regulations to correct an inconsistency between the Principal Regulations and the Act in the calculation of the offset. The amendments make the Principal Regulations consistent with the Act.

The Australian Taxation Office was consulted on the amending Regulations.

The Regulations commenced on the day after they were registered on the Federal Register of Legislative Instruments.