

What is the Education Tax Refund?

The Education Tax Refund (ETR) is a refund available to persons who incur eligible education expenses on behalf of a child or children in their care. The refund was introduced to assist families with the cost of education. Provided you incur eligible expenses and satisfy certain conditions, you are entitled to 50% of your outlay up to the prescribed maximums, regardless of your income tax circumstances.

Am I Eligible for the Education Tax Refund?

Not all people will qualify for the ETR. Eligibility for the ETR is assessed in discreet six month periods within each year, starting 1 July and 1 January. If you care for children and wish to access the ETR, the following conditions must be satisfied:

- You must incur "Eligible Education Expenses" (refer below)
- The child / children in your care must meet the schooling requirement. That is, they must attend primary or secondary school (or TAFE for secondary school purposes), or be registered as a home-schooled student. Your child must satisfy this schooling requirement for at least one day in the relevant six month period
- You receive Family Tax Benefit Part A, or:
 - You receive a government support payment that precludes you from receiving Family Tax Benefit Part A
 - Your child stopped full-time school during the year and received income over the threshold preventing you from receiving Family Tax Benefit Part A

If you are an independent student, you can also access the ETR provided you satisfy certain conditions such as age, residency, visa requirements as well as the schooling requirement.

How much can I claim?

If you care for a child / children and you satisfy all the conditions for accessing the ETR, you can claim 50% of eligible education expenses up to the prescribed maximum amounts. For the year ended 30 June 2011, the maximum amounts are:

- \$794 for each primary school child. Therefore you can claim a maximum refund of \$397 for each primary school child you have, and
- \$1,588 for each secondary school child. Therefore you can claim a maximum refund of \$794 for each secondary school child

If you are an independent student and you meet all the requirements for claiming ETR, you can claim against a maximum of \$1,588 in eligible expenses in respect of the year ended 30 June 2011. Therefore your maximum possible refund is \$794.

The ETR is assessed in six monthly periods starting 1 July and 1 January and the prescribed maximums are applied 50/50 across these periods. Therefore if you satisfy the eligibility requirements for only one of the six month periods, your maximum entitlement to the ETR will automatically halve. In accordance with the schooling requirement outlined above, your child satisfies the test for the entire six month period even if he / she attends school for only one day within that period. Therefore you are still entitled to half the maximum possible refund in this situation.

What Education Expenses qualify for the Education Tax Refund?

Not all education expenses qualify for the ETR. The following table lists common types of education expenses and whether they qualify for the refund. You cannot claim the ETR for education expenses that have already entitled to you a tax deduction or tax offset.

Eligible Education Expenses	Non-Eligible Education Expenses
Home computers and laptops	School fees
Computer-related equipment such as printers, USB flash drives, aids which assist students with special needs in using computer equipment	Costs associated with school-related extracurricular activities such as camps and excursions
Computer repairs	Computer games and consoles
Home internet connections	Tutoring costs
Computer software for educational use	Sporting equipment
Prescribed trade tools for secondary school trade courses	Musical instruments
School textbooks and other printed learning material. Eg: prescribed textbooks, associated learning materials, study guides and stationery	School subject levies such as payments for consumables for art or home science classes
From 1 July 2011 , school-approved uniforms including hats, footwear and sports uniforms approved by the school as its uniform	Building levies
	Library book fees
	School photos
	Donations
	Tuck shop expenses
	Waiting list fees
	Transport costs
	Membership fees

What if I incur Eligible Expenses in excess of the prescribed maximums?

If you spend more than the maximum claimable amount in one financial year, you can roll-over the excess eligible education expenses and claim them in the following year provided you still meet the eligibility requirements in that subsequent year. The excess lapses if you do not claim the residual within two financial years.

What if I incur an Eligible Expense in respect of more than one child?

Where eligible education expenses are incurred for more than one eligible child, you can share ("pool") the expenses between the children. In order to pool eligible expenses, all the children must use the purchased items and you must buy the item on a day when you have satisfied the eligibility requirements for the ETR for each child.

What if I incur Eligible expenses in relation to children where I share care?

If you share care of a child, the amount you can claim under the ETR depends on your share of the shared care percentage for Family Tax Benefit Part A for that child. If you share the care of a child with someone who is not your current partner and a payment was made for that child that prevented you receiving Family Tax Benefit Part A, you will need to calculate your ETR based on the percentage of nights during the year that the child was in your care.

How do I claim the Education Tax Refund?

If you are required to lodge an income tax return, you claim your Education Tax Refund in your return. If you are not required to lodge an income tax return, you can lodge your claim via the "Education Tax Refund for Individuals 2011" form available on the ATO web-site.

What Next?

If you believe you will incur eligible education expenses, start keeping records of these types of expenses and file them with your tax records.

Disclaimer: The information contained in this fact sheet is not intended as specific advice. Please contact Isaacs & Cole to discuss your individual situation.