



PRIME MINISTER

FOR MEDIA

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Special benefits paid to bushfire and flood victims in the two weeks following the recent disasters will be exempt from tax.

This will ensure that these payments will receive the same tax free status that has generally applied to relief payments provided for disaster victims from public appeal funds.

Following representations from the Victorian and South Australian Premiers the Government has agreed that the income tax law should be changed to ensure that those payments are tax exempt. The amendments will be back-dated to the time of the February floods and bushfires and will apply to similar circumstances in the future.

Special benefits paid beyond the initial two week period will continue to be treated in the same way as other social security payments and will be subject to tax if beneficiaries' total income exceeds the tax threshold.

The legislation will be presented to Parliament as soon as practicable.