PRIME MINISTER

FOR MEDIA 2 JUNE 1985

Employers who provide child care facilities for their employees are eligible for a range of tax deductions under the Income Tax Assessment Act.

My Department recently sought clarification from the Australian Taxation Office on the applicability of the relevant sections of the Act to the provision of child care facilities. As a result, the Commissioner of Taxation, Mr Boucher, has advised of a wide range of deductions.

It is the Government's policy to expand the provision of child care facilities and, in particular, to encourage the growth of work-based and work-related child care places. By the end of 1987 the Government will have doubled the number of community-funded child care centres. When we came to office only 4.5 per cent of Australia's children aged under 5 had access to a government centre; by 1987 9 per cent will have access.

A number of private sector employers, especially some who are participating in the Affirmative Action Pilot Program, are increasingly recognising the need to provide child care for their employees. I hope the deductions available under the Income Tax Assessment Act will encourage the provision of high quality care by private sector employers to supplement those provided by the Government. These deductions are outlined in the Status of WOmen Report, prepared by the Office of the Status of Women and published in the June issue of The Australian Women's Weekly.

Day-to-day running costs, including salaries and wages of child care attendants, power, heating, lighting and rent are treated as normal business expenses and are fully tax deductible.

Expenses incurred by an employer in fitting out a child care facility qualify for the special rate of depreciation allowed for employers who provide certain facilities for their employees. Expenses such as lockers and kitchen facilities are deductible at a depreciation rate of thirty-three and a third per cent per annum. Toilet and washing facilities attract the ordinary rate of depreciation.

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Construction costs and building alterations for the provision of child care are also deductible at a rate of four per cent under the Government's increased tax relief to business for building construction. Any business which incurred capital expenditure for a child care facility after 21 August 1984 would be eligible for this rate. Costs of construction or alterations begun between 19 July 1982 and 21 August 1984 are deductible at a lower rate of 2.5 per cent. Building expenses incurred before that period are not deductible.

The Taxation Commission advises that claims relating to the provision of child care facilities must relate to expenditure incurred to produce assessable income. Some expenditure might not be wholly allowable, such as in cases where an employer derived exempt income as well as assessable income from business pursuits. Each claim would be considered in the light of its own facts.

Some employers may, however, prefer to develop child care facilities with assistance from the Children's Services Program.

Under that Program, where Government subsidies for both capital and recurrent costs are available, a proportion of child care places must be reserved for members of the general community.

The June Status of Women Report also provides information about the Federal Government's plan for creating 20,000 additional child care places within the next three years through the Children's Services Program. My colleague, Senator Grimes, the Minister for Community Services, has released further details of this plan.

The Report includes an exclusive survey of the views of women's organisations on tax reform options, and a guide to how to use the Family Court.

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