



Australian Government

Department of Families,  
Housing, Community Services  
and Indigenous Affairs

# Child Support Scheme Reforms

## Fact sheet Seventeen: Changes to Family Tax Benefit (FTB)

### Sharing Family Tax Benefit (FTB)

Before 1 July 2008, parents could share Family Tax Benefit (FTB) if each parent provided care of their children at least 10 per cent of the time. This meant that small changes to care arrangements had financial implications for parents. The independent Ministerial Taskforce that reviewed child support considered that it is in the best interest of children that care arrangements are not affected by financial concerns as much as possible.

#### Regular care

From 1 July 2008, a parent who has care of a child for less than 35 per cent of the time (less than 128 nights per year) is not eligible for the child related components of FTB. This aims to minimise possible conflict between parents about care arrangements because minor changes to care will not impact on how much FTB each parent receives.

In addition, a parent who has care of their child for more than 65 per cent of the time (238 nights or more per year) has the guarantee of on time FTB payments as they will be eligible for 100 per cent of FTB for the child.

Instead of receiving FTB, a parent who has care of their child for 14 to less than 35 per cent of the time (52 to less than 127 nights per year) has the costs of the child taken into account in working out how much child support the parent pays. This level of care is called **regular care** and is counted as meeting 24 per cent of the costs of raising the child for child support purposes. For more information see [Fact sheet Eleven: Recognising the costs of care](#).

In addition, parents on income support with regular care do not have to pay the minimum rate of child support. For information about other changes to minimum payments see [Fact sheet Twelve: Minimum payments](#).

The Taskforce recognised that low income parents who have regular care of their children and, in the past, have received a substantial proportion of FTB, would be affected by the changes to FTB. Because of their lower incomes, these parents generally pay lower amounts of child support. Therefore a 24 per cent reduction in child support in recognition of the regular care these parents provide may not offset their reduction in FTB.

For this reason, lower income paying parents with regular care continue to be eligible for the Rent Assistance component of FTB Part A and other government benefits, such as Child Care Benefit, a Health Care Card and the lower threshold for the Medicare Safety Net.

In July 2006, parents on Newstart or other related payments also became eligible for the 'with child' rate of the income support payment if they have 14 per cent or more care (52 nights or more per year).

## Shared care

If parents have shared care for 35 to 65 per cent of the time (128 to 237 nights per year) FTB continues to be shared between both parents as follows:

- If a parent has 35 to less than 48 per cent care (128 to less than 175 nights per year) the FTB shared care percentage will be 25 per cent plus two per cent for each percentage point over 35 per cent. *Example:* You have care of your child for 40 per cent of the time, so your FTB shared care percentage is 35 per cent.
- If a parent has 48 to 52 per cent care (176 to 189 nights per year) the FTB shared care percentage will be 50 per cent.
- If a parent has more than 52 to 65 per cent care (190 to 237 nights per year) the FTB shared care percentage will be 51 per cent plus two per cent for each percentage point over 53 per cent. *Example:* You have care of your child for 60 per cent of the time, so your FTB shared care percentage is 65 per cent.

This approach is similar to how care will be recognised under the new Child Support Scheme. For more information see [Fact sheet Eleven: Recognising the costs of care](#).

## Maintenance Income Test

The amount of FTB a parent receives is affected by the amount of child support they receive – the rate of FTB Part A is reduced by 50 cents for every dollar above a certain exempt amount until the base rate of FTB Part A is reached. This is called the Maintenance Income Test (MIT).

From 1 July 2008, in a blended family, child support received only affects the FTB received for that child. Before 1 July 2008, it was possible for the reduction in FTB due to child support for a child to exceed the amount of FTB paid for that child.

Also, from 1 July 2008, in working out the rate of FTB, the additional amount of child support that is disregarded for extra children in a parent's care is limited to the children for whom the parent or their current partner is entitled to apply for child support.

## Maintenance Action Test

Parents applying for FTB must take reasonable action to obtain child support for children from a previous relationship. If they do not take reasonable action, they can only receive the base rate of FTB Part A for those children. This is called the Maintenance Action Test (MAT).

From January 2007, the period in which a parent must begin taking action to obtain child support was extended from 28 days to 13 weeks. This provides a more reasonable period to enable contact with a Family Relationship Centre or other support service in order to agree to post-separation arrangements (including the negotiation of cooperative parenting arrangements through a parenting plan).

Please note this fact sheet is for general guidance only. It should not be treated as a complete or authoritative legal statement.

More details about these changes can be found in other fact sheets and on the Child Support Agency website [www.csa.gov.au](http://www.csa.gov.au)

If you would like to read more information on the Taskforce and how the reforms started, visit the website of the Australian Government Department of Families, Housing, Community Services and Indigenous Affairs [www.fahcsia.gov.au](http://www.fahcsia.gov.au)