

# ESSENTIALS PAYMENT



From the Aged and Community Care Payments Team

April 2000

## From the Editor

Welcome to the April edition of *Payment E\$\$ential\$*. I trust that you find our newsletter both informative and interesting. Please send any suggestions you have for future articles to the Editor by email - [Payment.Essentials@health.gov.au](mailto:Payment.Essentials@health.gov.au) or by fax on (02) 6289 5004.

## GST and Aged Care Services

Under The New Tax System introduced from 1 July 2000, nursing home and hostel residents will not pay GST on the cost of their care or accommodation. Care fees and accommodation payments will be GST-free, including accommodation bonds paid by low care (hostel) residents.

A GST-free service is a service that is GST-free to the consumer. Service providers can claim input tax credits on the cost of providing a GST-free service, just as they can claim input tax credits on the costs of providing services that are subject to GST. An input tax credit is a refund of the GST paid on the costs of running a business, such as an aged care service. Service providers must be registered as a business for GST to claim an input tax credit.

Aged care providers need to apply to the Australian Taxation Office (ATO) for an Australian Business Number (ABN) and for business registration by 31 May 2000. Organisations can apply for an ABN without registering as a business for GST purposes, but service providers will need to be registered as a business to claim input tax credits. See March *Payment E\$\$ential\$* for more information.

The ATO provides information specially targeted to the needs of aged care providers. You can download information sheets including a publication on *Child and Aged Care* in The New Tax System at [www.taxreform.ato.gov.au](http://www.taxreform.ato.gov.au)

For enquiries about The New Tax System, please contact the Australian Taxation Office Infolines on 13 24 78 (business) or 13 61 40 (general public).

**THE NEW TAX SYSTEM** Make it your business

## Residential Care Manual – new edition available

Distribution of the new *Residential Care Manual* for all residential care facilities commenced in early March. The new Manual replaces the previous edition with the exception of Chapters 11 and 13. All other text is replaced by the new edition.

The new *Residential Care Manual* is also available in PDF format from the Department's Internet site at: [www.health.gov.au/acc/manuals/rcm/rcmindx1.htm](http://www.health.gov.au/acc/manuals/rcm/rcmindx1.htm)

To purchase additional copies of the Manual there is an order form available from the Department's Internet site or you can contact the Department by email ([acc@health.gov.au](mailto:acc@health.gov.au)), by telephone on 02 6289 5099 or fax your request to 02 6289 1330. Order forms are also distributed with the new Manual.

The Manual will be amended as required and holders of the Manual will be sent updates automatically. The electronic version accessible from the Department's Internet site will also be updated as required.

## Increase in maximum interest rate on overdue payments of the accommodation charge

From 20 March 2000, the maximum interest rate payable on overdue payments of the accommodation charge is 7 % per annum. This maximum rate will apply to accommodation charge agreements entered from that date. For existing agreements, the maximum interest rate is 6% per annum. A lower rate may be specified in the agreement.

This increase is in line with Centrelink deeming rates for pensioner financial assets, which rose from 20 March 2000.

For more information about the increase in rates, please telephone the Aged and Community Care Information Line on 1800 500 853.

## Care fee increase

From 30 March 2000, the maximum basic daily care fee for pensioners will increase to \$22.58 a day, in line with an increase to age pension. The maximum basic daily care fee for non-pensioners is also linked to pension, and will increase to \$28.21 a day.

Please note that fee advice letters may refer to the previous basic daily care fee, if the date of effect for the resident's fees was before 30 March. If residents are unsure about their daily care fee, please draw their attention to the pamphlet enclosed with their letter (*Residential Aged Care Fee: Further information for Residents or their Nominees*), which states that fees increase each March and September in line with pension.

From 20 March 2000, the Centrelink/DVA deeming rate for financial assets will rise. Residents may have a small increase in income tested fees from this date. Affected residents and their providers will receive a letter notifying any change.

For information and enquiries, please ring the Government's free Aged and Community Information line on 1800 500 853.

## Important points to remember when submitting RCS forms:

### **Resident Classification Scale (RCS) increase by two or more categories:**

If a resident's classification is changing from Low (S5 – S8) to High (S1 - S4), they must have a current High ACAT approval before High level subsidies can be paid.

If the ACAT approval date is later than the date the RCS form was received in the Department, you are only entitled to receive level 5 subsidy payments (that is, the highest of the low category) until the day before the ACAT approval date, then at the appropriate level from the ACAT approval date.

### **RCS annual re-appraisal:**

If a resident's level of care has increased (ageing in place), and the RCS classification will change from Low to High, a High ACAT assessment should be approved from or before the expiry date of the existing RCS classification.

If the ACAT High approval is dated later than the beginning of the next annual re-appraisal, you are only entitled to receive level 5 subsidy payments (that is, the highest of the low category) until the day before the ACAT approval date, then at the appropriate level from the ACAT approval date.

### **Late submission of RCS forms may result in non-payment of subsidies.**

## Treasury Note Yield

Treasury advises that the Treasury Note Yield for residents entering into an accommodation bond agreement and who enter care in the 1 April to 30 June 2000 quarter, is 9.65%.

The Treasury Note Yield is the maximum interest rate that providers can charge on accommodation bonds paid after the due date and periodic payments.

The Treasury Note Yield for each quarter is advised on the Department's Internet site [www.health.gov.au/acc/finance/tny.htm](http://www.health.gov.au/acc/finance/tny.htm) and you can also get the Treasury Note Yield by phoning the **free Aged and Community Care Information Line on 1800 500 853.**