

## Submission to the Productivity Commission's Inquiry into Disability Care and Support

Special Care Clothing Solutions design and manufacture Adaptive clothing for people with a disability or limited mobility, and back in 2006 we made application to the ATO in a Private ruling application for GST Exemption on this adaptive clothing. We were advised that:

*Schedule 3 to the A New Tax System (Goods and Services Tax) Act 1999 (the GST ACT) and the accompanying GST Regulations list the medical aids and appliances that are GST free. In determining the range of medical aids and appliances that would qualify for GST free treatment, the Government was advised by the Tax Consultative Committee (TCC). The TCC was appointed by the Treasurer to assist the Government in targeted consultation on GST issues.*

*In considering the precise scope of qualifying medical appliances, the TCC was mindful of its Terms of Reference **requiring it to ensure the resulting compliance and administration costs of its recommendations were kept to a minimum, and did not have significant adverse revenue impacts.** The TCC recommended that GST free treatment should be confined to those goods specifically designed for use by people with an illness or disability which are of a kind not ordinarily used in the wider community.*

### Examples of Adaptive Clothing



These are Open Back Trousers designed to assist if wearer has a need to be changed without removal of clothing. The appearance from the front is like a standard pair of trousers, but they do not pull up the back like a trouser. They have a wide lap-over modesty panel at the back for dignity and comfort.



Trousers specifically design with easy access side openings. Dresses, Blouses, Shirts and singlets all have specific openings for easy access and changing assisting both the carer and the wearer in this difficult task when mobility is restricted.



We are still pursuing the GST exemption, and do understand that adding exemptions to the GST increases the complexity of the tax law and can give rise to anomalies. There has to be a better way where all people with a disability can access the equipment and repairs, home renovations, and all items required for their well being GST free without a legislation having to be passed for every single item.

The current disability support system is under funded, unfair, fragmented, and inefficient, and gives people with a disability little choice and no certainty of access to appropriate supports.

## **Recommended Model:**

### **HM Revenue & Customs (HMRC) in the United Kingdom (UK).**

The HMRC uses a model that covers both disability specific products and services, and covers the person with a disability for those products or services that do not meet the criteria for tax exemption as a disability specific product.

For purchasing products or services that are not GST exempt the HMRC has implemented the following conditions for tax free purchases:

- *The customer is eligible to purchase at a zero tax rate*
- *The goods are for the personal or domestic use of the customer*
- *The goods are eligible to be supplied at zero rate*

Goods are eligible to be purchased at a zero rate of tax when:

- *The customer is eligible to purchase goods at zero rate*
- *The goods are for the personal or domestic use of the customer*
- *The goods and services are eligible to be provided at zero rate*

The customer in the UK completes a personal declaration at the point of purchase to receive the goods tax free.

### **We also support The National Disability Insurance Scheme (NDIS)**

\* There should be a new national scheme - the National Disability Insurance Scheme (NDIS) - that provides insurance cover for all Australians in the event of significant disability. While Australians would pay more taxes (or governments would cut other spending), people would know that if they or their family acquired a significant disability, they would have a properly financed and cohesive system to support them.

\* The agency overseeing the NDIS - the National Disability Insurance Agency - would be a federal agency created by, and reporting to, all Australian governments. It would have strong governance arrangements, with an independent board, an advisory council of key stakeholders, clear guidelines to ensure a sustainable scheme and with legislation that protected the scheme from political influences.

Your serious consideration, as a priority, to GST Exemption for People with a disability would be appreciated by many.

Yvonne Campbell  
Business Owner.  
Special Care Clothing Solutions