



DEFENCE FORCE RETIREMENT AND DEATH BENEFITS AUTHORITY CIRCULAR

#4

Postal Address P O Box 22 Belconnen A.C.T. 2616

Business Address Unit 1 Cameron Offices Belconnen A.C.T.

Telex AA 62052

Telegrams: DFRDB

Telephone: 52 7911

Date: 25 Jan 1989 Reference: G29678 Circular No: 1989/2

TO ALL SERVICE OFFICES

SUBJECT: TAX FILE NUMBER COLLECTION FOR FORTNIGHTLY PAYMENT AND
LUMP SUM APPLICANTS

The Taxation Laws Amendment (Tax File Numbers) Act 1988, received Royal assent on 25 Nov 1988 and provides for an extension of the existing Tax File Number (TFN) arrangements used by the Australian Taxation Office. Its purpose is to improve the efficiency of the Australian Taxation Office's income matching system and requires the quoting of tax file numbers on group certificates issued to income recipients, including group certificates issued by this Office to fortnightly payment and lump sum termination payment recipients. (In the past group certificates have only been issued where income tax was deducted from a payment. However, in future group certificates will be issued for all payments irrespective of whether income tax is deducted or not.)

2. To enable this Office to obtain the TFN's to be shown on group certificates, all applicants for benefits after 1 February 1989 should be advised that they may complete the new "Employment Declaration" form issued by the Taxation Office. The "Employment Declaration" form replaces the "Income Tax Instalment Declaration" form.

3. Benefit applicants after 1 February 1989 are not compelled to complete an "Employment Declaration" form. However, if they do not provide the form, including the TFN to the Authority it is required in accordance with the taxation legislation, to deduct income tax at the top marginal rate (currently 50.25% including Medicare levy), from fortnightly payments or THE TAXABLE PORTION (i.e. POST-83 COMPONENT) OF LUMP SUM ELIGIBLE TERMINATION PAYMENTS.

4. The purpose of this circular therefore is to request that:

- . all applicants for benefits after 1 February 1989 be informed;
 - that they may submit to the Authority an "Employment Declaration" form (showing amongst other information their TFN) along with their application for benefit; and
 - of the consequences, should they fail to provide a TFN, i.e. that tax instalments will be deducted from their benefit at the top marginal rate; and
- . applicants be assisted in meeting the requirements by ensuring,
 - that "Employment Declaration" forms are made available;
 - that they receive advice concerning acquisition of a TFN, as per paragraph 6 below; and

2.

that any "Employment Declaration" form to be provided by the applicant accompanies the benefit application when it is submitted to the Authority.

Note: The above should apply to all applicants for benefits including the lump sum only applicants, as highest tax rates will apply to all payments, including the post-1983 component of lump sum eligible termination payments if a TFN is not quoted.

5. Most members will already have a TFN recorded on their latest tax assessment notice, and this is the TFN that should be shown on the employment declaration.

6. However, some applicants for reversionary benefits who do not have an independent income, may not have been issued with a TFN. There may also be some members who have either mislaid their TFN, have never had one issued, or are not sure if they have a TFN issued or not. These people should be advised to lodge an Australian Taxation Office Application/Enquiry form which is available from and should be lodged at Post Offices. Proof of identity must also be provided at the time of lodgement of this form. Australian Taxation Office pamphlets "The facts about tax file numbers", (which has been delivered to all households) and "Applying for your tax file number", (which is available from Post Offices), provide further details - including details of documents acceptable for proof of identity.

7. Further advice regarding TFN's will be incorporated in the explanatory information provided on the benefit application forms, as the forms are reprinted.

8. If you require any further information on the above please contact (062) 526464 or write to the DFRDB Authority, C/- AGRBO, PO Box 22, Belconnen ACT 2616.



for G.N. Vanthoff
Chairman DFRDB Authority

POST SCRIPT

Applicants who are exempt due to their eligibility for certain Social Security or Veterans' Affairs pensions will be treated as having supplied a TFN provided they write the type of pension they receive in the file number block on the Employment Declaration form, e.g., 'age pension'.

They should also be advised that failure to furnish this advice will attract tax deductions at the top marginal rate.

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Telex: AA 62052

Telegrams: 'DFRDB'

Telephone: 52 7911

Date: 20 Jan 1989

Reference: G60078/G61454

Circular No: 1989/1

TO: ALL SERVICE OFFICES

SUBJECT:

- A. COMMUTATION
- B. RE-ENTERED RECIPIENTS
- C. CHANGE OF PAYING AGENTS

A. COMMUTATION

The Defence Legislation Amendment Act 1988 (Act No 100 of 1988) amended sections 24 and 32A of the DFRDB Act 1973. The amendments came into effect on 2 Dec 1988 and affect members with an entitlement to commute part of their

- . retirement pay,
- . Class C invalidity pay, or
- . deferred benefit entitlement.

2. The new provisions allow those members with an entitlement to commute, to elect to do so up to 3 months before their date of discharge or, in the case of deferred benefits, up to 3 months before that benefit becomes payable. If a member does not wish to take advantage of the new provisions he/she still has the right to elect to commute up to 12 months following the date of discharge or the date a deferred benefit becomes payable.

3. An election to commute will take effect from the day the benefit becomes payable or the day it is received in this Office, whichever is later. Except for deferred benefits, benefits become payable on the day following the date of discharge.

4. This means that an election which is signed up to 3 months before the discharge date and received in this Office before discharge is effective immediately the benefit becomes payable. However, where the election is not received until after the date the benefit becomes payable then it does not become effective until the day it is received.

5. Members can now complete their commutation election (Form D21) at the same time as filling out their application for benefits. However, it is important that members realise that the election to commute must be sent direct to this Office and should not be attached to their benefit application, which requires further processing by their relevant service administration.

6. The present commutation forms are currently being updated to reflect the new provisions. However, the Form D21 now in use may continue to be used by outgoing members.

B. RE-ENTERED RECIPIENT MEMBERS

7. There have been a number of recent instances where recipient members who re-entered the Defence Force on an engagement of more than 364 days failed to notify the Authority, resulting in overpayment of benefits.

8. Service Offices are reminded that, where a recipient member (ie a person in receipt of retirement pay) again becomes a member of the Defence Force on an engagement or appointment of more than 364 days, his benefit is cancelled under the provisions of the DFRDB Act 1973 whilst he remains in the Defence Force. Please ensure that a member in those circumstances is aware of the necessity of notifying the Authority within 14 days of re-entry, as required by Section 127 of the DFRDB Act 1973. Failure to comply with that requirement may result in a statutory penalty being applied to the member.

C. CHANGE OF PAYING AGENTS FOR RECIPIENT MEMBERS

9. The Office of the DFRDB Authority recently assumed responsibility for making all fortnightly payments of DFRB/DFRDB benefits. This function was previously carried out by our paying agents, the Department of Social Security in the states and the Department of Finance in the territories. Any queries regarding fortnightly benefit payments should now be directed to this Office.



G N Vanthoff
Chairman DFRDB Authority

Last DFRDB Circular Issued: 1988/1

#6

DISCOUNT RESTORED - AND SO IT SHOULD BE

THE National President, Major General John Whitelaw, wrote to the Federal Treasurer, Paul Keating, regarding the two per cent discounting of service pensions.

The following two items of correspondence are considered vital in the restoration decision.

First, General Whitelaw's letter to the Treasurer on the morning of the April Economic Statement. Second, a statement written the following morning.

Dear Treasurer,

We understand your Statement this evening will restore the 1986 loss by social service pensioners resulting from the pension pause at that time. We applaud this.

We understand your Government will not act in similar fashion to restore retired pay/pensions for Defence and Public Service retirees which you discounted 2 per cent in 1986, which has had a compounding effect since. If this report is correct our members will be appalled and angry, and so will the 110,000 persons affected, 94.7 per cent of whom are below the social service cut-off line for married pensioners.

Please be assured we will do our best to make our voice heard about this iniquity, both now and during the run-up for the election.

Signed,
J. Whitelaw

THE Regular Defence Force Welfare Association welcomed the Government's decision to restore the 2% discount of Defence Force retirement pay imposed in 1986.

"While we welcome the restoration of this discount the Government can not expect our gratitude. It should not have been imposed in the first place," the President of the Association, Major General John Whitelaw, said today.

"The fact is the Government had a responsibility to observe the 'contract' it implicitly has with retired Defence Force personnel," General Whitelaw said.

"We paid our contributions throughout our Service Life and reasonably expected the government to abide by the legislation after our retirement. They did not, and discounted this pay in 1986".

"We were pleased that the Labor Party Caucus understood the situation and resolved in November 1988 that the discount should be restored.

However, we have lost a lot in the interim and a straight restoration will not make up this loss".

"In conjunction with the Veterans' Community and retired public servants, we have fought hard to have this restoration made.

Strong bonds have been formed which could have an electoral effect later," he said.



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THE following are important extracts from information circulated by the DFRDB Authority.

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The new provisions allow those members with an entitlement to commute, to elect to do so up to 3 months before their date of discharge or, in the case of deferred benefits, up to 3 months before that benefit becomes payable.

If a member does not wish to take advantage of the new provisions he/she still has the right to elect to commute up to 12 months following the date of discharge or the date a deferred benefit becomes payable.

An election to commute will take effect from the day the benefit becomes payable or the day it is received in this Office, whichever is later. Except for deferred benefits, benefits become payable on the day following the date of discharge.

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