

client alert | explanatory memorandum

November 2025

CURRENCY:

This issue of **Client Alert** takes into account developments up to and including 24 October 2025.

Family Tax Benefit and your tax return: some common misunderstandings

Family Tax Benefit (FTB) is a government payment to help families with the cost of raising children. Despite its name, it's not a tax refund or tax deduction – it's a social security benefit to help with everyday costs like food, education, clothing and other child-rearing expenses. FTB has two parts: Part A is the main payment available to most eligible families, and Part B is an extra payment for single parents or certain single-income families (usually where one parent stays home or works part-time). Importantly, FTB is paid by Services Australia (through Centrelink), not the ATO.

To be eligible, you must have at least one dependent child in your care, and:

- Your child must be aged 0–15 years, or a full-time secondary student aged 16–19, in your care at least 35% of the time.
- Your child must be an Australian resident and you (as the claimant) must meet certain residency rules.
- Your income must be under certain thresholds. FTB is means-tested, and there are income tests for both Part A and Part B payments.

FTB isn't a tax refund

A tax refund is money the ATO gives back if you've overpaid tax during the year, but FTB is a government benefit, separate from the tax system. You don't automatically receive FTB by lodging a tax return, and it's not calculated in your tax assessment. So why the name? Historically, some family benefits were delivered through the tax system, but today Centrelink delivers FTB. Think of FTB as a family assistance payment like the Parenting Payment or Child Care Subsidy, rather than a tax refund or rebate.

How do you claim FTB?

To get FTB, you need to claim it through Services Australia. You can do this online via your myGov account linked to Centrelink, phone the Families line or visit a Centrelink service centre. If you've just had a baby, hospitals often provide the *Newborn child declaration* form, which includes a lump sum claim for FTB and other family payments.

When you claim, you have a choice in how you receive FTB:

- *Regular fortnightly payments:* Most families opt to get FTB every two weeks along with any other Centrelink payments. You estimate your family's income for the year, and Centrelink pays you accordingly. After the year ends, they reconcile (balance) the payments against your actual income.
- *Annual lump sum:* Alternatively, you can get FTB as an end-of-financial-year lump sum by waiting until after 30 June and submitting a claim for the year. This way you use your actual income (from your tax return), avoiding any overpayment. You must claim within one year after the financial year ends (eg for 2024–2025 you have until 30 June 2026).

During the claim you'll provide details about your children and estimate your income (if opting for fortnightly pay). Services Australia will assess your eligibility, and if approved, either start fortnightly payments into your bank account, or if you requested the lump sum, pay it after you and your partner lodge tax returns and your incomes are confirmed.

All communication about FTB, including approval, how much you'll get and any adjustments will come from Services Australia (in your Centrelink online account or mailed letters), not in your tax return paperwork. For instance, if you get a lump-sum FTB payment, it will be deposited to your bank account by Centrelink after processing, entirely separate from any refund the ATO might send for your income tax.

If your circumstances change (like your income or care arrangements), remember to inform Centrelink, as it could affect your FTB rate. This will help avoid surprises after the end-of-year balancing calculations.

Source: www.servicesaustralia.gov.au/family-tax-benefit

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Publisher – **Client Alert**

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