



# **Social Services and Other Legislation Amendment (Incentivising Pensioners to Downsize) Act 2022**

**No. 62, 2022**

**An Act to amend the law relating to social security  
and veterans' entitlements, and for related  
purposes**

Note: An electronic version of this Act is available on the Federal Register of Legislation  
(<https://www.legislation.gov.au/>)



---

# Contents

1	Short title.....	2
2	Commencement.....	2
3	Schedules.....	2
<b>Schedule 1—Amendments</b>		3
	<i>Social Security Act 1991</i>	3
	<i>Veterans' Entitlements Act 1986</i>	5





# **Social Services and Other Legislation Amendment (Incentivising Pensioners to Downsize) Act 2022**

**No. 62, 2022**

---

---

**An Act to amend the law relating to social security  
and veterans' entitlements, and for related  
purposes**

*[Assented to 29 November 2022]*

The Parliament of Australia enacts:

---

*No. 62, 2022*

*Social Services and Other Legislation Amendment (Incentivising  
Pensioners to Downsize) Act 2022*

*1*

---

## 1 Short title

This Act is the *Social Services and Other Legislation Amendment (Incentivising Pensioners to Downsize) Act 2022*.

## 2 Commencement

- (1) Each provision of this Act specified in column 1 of the table commences, or is taken to have commenced, in accordance with column 2 of the table. Any other statement in column 2 has effect according to its terms.

---

Commencement information		
Column 1	Column 2	Column 3
Provisions	Commencement	Date/Details
1. The whole of this Act	The later of: (a) 1 January 2023; and (b) the day after the end of the period of 1 month beginning on the day this Act receives the Royal Assent.	1 January 2023 (paragraph (a) applies)

---

Note: This table relates only to the provisions of this Act as originally enacted. It will not be amended to deal with any later amendments of this Act.

- (2) Any information in column 3 of the table is not part of this Act. Information may be inserted in this column, or information in it may be edited, in any published version of this Act.

## 3 Schedules

Legislation that is specified in a Schedule to this Act is amended or repealed as set out in the applicable items in the Schedule concerned, and any other item in a Schedule to this Act has effect according to its terms.

---

## Schedule 1—Amendments

### *Social Security Act 1991*

#### **1 After subsection 1076(3A)**

Insert:

(3B) However, if subsection 1118(2) applies in relation to the person and:

- (a) the person has financial assets that are proceeds:
  - (i) from the sale of the person’s principal home; and
  - (ii) described in paragraph 1118(2)(a) or (c); and
- (b) the earlier of the times mentioned in that paragraph has not occurred for the person and the proceeds;

then:

- (c) those financial assets are to be disregarded for the purposes of working out the ordinary income the person is taken to receive under subsection (3) or (3A); and
- (d) the ordinary income the person is taken to receive per year on those financial assets is the amount worked out by multiplying the value of those financial assets by the below threshold rate.

#### **2 Subsection 1076(4)**

Omit “amount calculated under subsection (3) or (3A)”, substitute “sum of the amount calculated under subsection (3) or (3A) and the amount (if any) calculated under paragraph (3B)(d)”.

#### **3 After subsection 1077(3A)**

Insert:

(3B) However, if subsection 1118(2) applies in relation to a member of the couple and:

- (a) the couple have financial assets that are proceeds:
  - (i) from the sale of the principal home of a member of the couple; and
  - (ii) described in paragraph 1118(2)(a) or (c); and

- (b) the earlier of the times mentioned in that paragraph has not occurred for the member of the couple and the proceeds;
- then:
- (c) those financial assets are to be disregarded for the purposes of working out the ordinary income the couple is taken to receive under subsection (3) or (3A); and
  - (d) the ordinary income the couple is taken to receive per year on those financial assets is the amount worked out by multiplying the value of those financial assets by the below threshold rate.

#### 4 Subsection 1077(4) (formula)

Repeal the formula, substitute:

$$\frac{\text{Sum of the amount calculated under subsection (3) or (3A) and the amount (if any) calculated under paragraph (3B)(d)}}{52} \times 0.5$$

#### 5 After subsection 1078(3A)

Insert:

- (3B) However, if subsection 1118(2) applies in relation to the person and:
    - (a) the person has financial assets that are proceeds:
      - (i) from the sale of the person's principal home; and
      - (ii) described in paragraph 1118(2)(a) or (c); and
    - (b) the earlier of the times mentioned in that paragraph has not occurred for the person and the proceeds;
- then:
- (c) those financial assets are to be disregarded for the purposes of working out the ordinary income the person is taken to receive under subsection (3) or (3A); and
  - (d) the ordinary income the person is taken to receive per year on those financial assets is the amount worked out by multiplying the value of those financial assets by the below threshold rate.



**6 Subsection 1078(4)**

Omit “amount calculated under subsection (3) or (3A)”, substitute “sum of the amount calculated under subsection (3) or (3A) and the amount (if any) calculated under paragraph (3B)(d)”.

**7 Paragraph 1118(1B)(c)**

Omit “12”, substitute “24”.

**8 Subsection 1118(2B)**

Omit “24”, substitute “36”.

***Veterans’ Entitlements Act 1986*****9 Subsection 46D(3) (example)**

Repeal the example, substitute:

Example: How deemed income of a person who is not a member of a couple is worked out per year for the person’s financial assets other than financial assets described in subsection (3A) (using rates and deeming thresholds in force on 1 July 2022).

Elaine, a single pensioner, has \$164,000 worth of financial assets, made up of \$150,000 in proceeds from the sale of Elaine’s principal home and \$14,000 of other financial assets. Elaine intends to apply \$100,000 of the proceeds of sale to purchase another residence that is to be Elaine’s principal home. The below threshold rate is 0.25%. The above threshold rate is 2.25%.

The total value of Elaine’s financial assets (\$64,000), disregarding part of the proceeds of sale (\$100,000—see subsection (3A)), is higher than Elaine’s deeming threshold (\$56,400—see subsection 46H(1)). So, the deeming threshold is multiplied by the below threshold rate (0.25%):

$$\$56,400 \times \frac{0.25}{100} = \$141$$

Elaine’s deeming threshold of \$56,400 is subtracted from the total value of Elaine’s financial assets (\$64,000), disregarding part of the proceeds of sale (\$100,000—see subsection (3A)). The remainder is \$7,600.

The amount of \$7,600 is multiplied by the above threshold rate (2.25%):

$$\$7,600 \times \frac{2.25}{100} = \$171$$

The ordinary income that Elaine is taken to receive on Elaine's financial assets, other than financial assets described in subsection (3A), is \$312 per year (\$141 plus \$171).

## 10 After subsection 46D(3)

Insert:

(3A) However, if subsection 52(2) applies in relation to the person and:

- (a) the person has financial assets that are proceeds:
  - (i) from the sale of the person's principal home; and
  - (ii) described in paragraph 52(2)(a) or (c); and
- (b) the earlier of the times mentioned in that paragraph has not occurred for the person and the proceeds;

then:

- (c) those financial assets are to be disregarded for the purposes of working out the ordinary income the person is taken to receive under subsection (3); and
- (d) the ordinary income the person is taken to receive per year on those financial assets is the amount worked out by multiplying the value of those financial assets by the below threshold rate.

Example: To continue the example in subsection (3), Elaine's financial assets (\$100,000) described in this subsection are multiplied by the below threshold rate (0.25%):

$$\$100,000 \times \frac{0.25}{100} = \$250$$

The ordinary income that Elaine is taken to receive on Elaine's financial assets described in this subsection is \$250 per year.

## 11 Subsection 46D(4)

Omit "amount calculated under subsection (3)", substitute "sum of the amount calculated under subsection (3) and the amount (if any) calculated under paragraph (3A)(d)".

**12 Subsection 46E(3) (example)**

Repeal the example, substitute:

Example: How deemed income of a couple is worked out per year for the couple's financial assets other than financial assets described in subsection (3A) (using rates and deeming thresholds in force on 1 July 2022).

Maree and Peter, a couple, have \$622,000 worth of financial assets, made up of \$500,000 in proceeds from the sale of the couple's principal home and \$122,000 of other financial assets. Maree and Peter intend to apply the whole of the proceeds of sale to build another residence that is to be the couple's principal home. The below threshold rate is 0.25%. The above threshold rate is 2.25%.

The total value of the couple's financial assets (\$122,000), disregarding the whole of the proceeds of sale (\$500,000—see subsection (3A)), is higher than the couple's deeming threshold (\$93,600—see subsection 46H(2)). So, the deeming threshold is multiplied by the below threshold rate (0.25%):

$$\$93,600 \times \frac{0.25}{100} = \$234$$

The couple's deeming threshold of \$93,600 is subtracted from the total value of the couple's financial assets (\$122,000), disregarding the whole of the proceeds of sale (\$500,000—see subsection (3A)). The remainder is \$28,400.

The amount of \$28,400 is multiplied by the above threshold rate (2.25%):

$$\$28,400 \times \frac{2.25}{100} = \$639$$

The ordinary income that the couple is taken to receive on the couple's financial assets, other than financial assets described in subsection (3A), is \$873 per year (\$234 plus \$639).

**13 After subsection 46E(3)**

Insert:

(3A) However, if subsection 52(2) applies in relation to a member of the couple and:

(a) the couple have financial assets that are proceeds:

- (i) from the sale of the principal home of a member of the couple; and
  - (ii) described in paragraph 52(2)(a) or (c); and
- (b) the earlier of the times mentioned in that paragraph has not occurred for the member of the couple and the proceeds;
- then:
- (c) those financial assets are to be disregarded for the purposes of working out the ordinary income the couple is taken to receive under subsection (3); and
  - (d) the ordinary income the couple is taken to receive per year on those financial assets is the amount worked out by multiplying the value of those financial assets by the below threshold rate.

Example: To continue the example in subsection (3), Maree and Peter's financial assets (\$500,000) described in this subsection are multiplied by the below threshold rate (0.25%):

$$\$500,000 \times \frac{0.25}{100} = \$1,250$$

The ordinary income that the couple is taken to receive on the couple's financial assets described in this subsection is \$1,250 per year.

#### 14 Subsection 46E(4) (formula)

Repeal the formula, substitute:

$$\frac{\text{Sum of the amount calculated under subsection (3) and the amount (if any) calculated under paragraph (3A)(d)}}{52} \times 0.5$$

#### 15 Paragraph 52(1E)(c)

Omit "12", substitute "24".

#### 16 Subsection 52(2A)

Omit "24", substitute "36".

## **17 Application of amendments**

The amendments made by this Schedule apply in relation to the sale of a person's principal home that occurs on or after the commencement of this Schedule.

---

*[Minister's second reading speech made in—  
House of Representatives on 7 September 2022  
Senate on 25 October 2022]*

(81/22)

---

No. 62, 2022

*Social Services and Other Legislation Amendment (Incentivising  
Pensioners to Downsize) Act 2022*

9