From: Martyn, Peta
To: s47F(1) @ato.gov.au
Cc: s47E(d); Edmunds, Lauren
Subject: CSC Military Invalidity Pensions [SEC=OFFICIAL:Sensitive, ACCESS=Personal-privacy]
Date: Thursday, 2 July 2026 5:39:21 PM
Attachments: image001.png
s22 (out of scope)

OFFICIAL: Sensitive//Personal privacy

HI s47F(1)

I would appreciate if you had some time tomorrow to discuss the Ministerial correspondence we have received and the references to 'three formal letters from two Deputy Commissioners of Taxation establish the ATO's position consistently across separate recipients' relating to Military Invalidity pension.

More information available in the attachments and email trail below.

Let me know what your availability is like.

Thank you
Peta

Peta Martyn, A/g General Manager
Phone s47F(1) , s47F(1)
Care and Support Division

s47F(1)

Services Australia acknowledges the Traditional Custodians of the lands we live on. We pay our respects to all Elders, past and present, of all Aboriginal and Torres Strait Islander nations.

s22 (out of scope)

CSC Military Invalidity Pensions SECOFFICIAL.

Subject: CSC Military Invalidity Pensions [SEC=OFFICIAL]
Location: Microsoft Teams Meeting

Start: Fri 3/07/2026 3:00 PM
End: Fri 3/07/2026 3:30 PM

Recurrence: (none)

Meeting Status: Accepted

Organizer: Martyn, Peta
Required Attendees: Edmunds, Lauren; s47F(1) @ato.gov.au; s47F(1) @csc.gov.au; s47F(1) @csc.gov.au

OFFICIAL

Microsoft Teams meeting

Join: s47E(d)

s47E(d)

Meeting ID: s47E(d)

Passcode: s47E(d)

Need help? | System reference

Dial in by phone

s47E(d)

Find a local number

Phone conference ID: s47E(d)

For organizers: Meeting options | Reset dial-in PIN



This meeting will be recorded and / or transcribed using Copilot for business purposes only. The recording, transcript and related Copilot-generated outputs may be used as part of the official record of the meeting. By accepting the invitation and attending the meeting, you are providing consent. If you do not consent to recording and / or transcription but have a business need to attend and participate in this meeting, contact the meeting organiser to discuss available options. Do not disclose personal information about customers and third parties without their consent during this meeting. The recording and / or transcription will be switched off during discussions of personal, non-work related or sensitive matters. Further information is available on the agency's Automation and AI Transparency Statement.

Org help | Privacy and security

From: Edmunds, Lauren
To: s47F(1) ; s47F(1)
Cc: s22 ; s22 ; Martyn, Peta; s47F(1)
Subject: RE: CSC Military Invalidity Pensions [SEC=OFFICIAL]
Date: Wednesday, 8 July 2026 5:02:32 PM
Attachments: image002.png

OFFICIAL

Hi s47F(1) and s47F(1)

Thanks again for meeting with myself and Peta last week to discuss the Military Invalidity Pensions issue.

Appreciate you considering our request and making updates to letters/external comms as needed – s47F(1) we have a suggested minor inclusion **(in green)** to your proposed letter, pasted below my signature block for your consideration. Happy to discuss further.

We will ensure that any communications to relevant customers reflect your updated wording below (and will reach out if we have any further issues here).

Thanks again for your assistance,

Lauren Edmunds, A/G National Manager
Phone s47F(1) / s47F(1)
Social Security Cross Programs Branch | Care and Support Division

*Dear ****

Thank you for your enquiry requesting a Centrelink Schedule.

Please find attached a Military Invalidity Pension Income Stream Schedule for Centrelink assessment purposes.

CSC reports the components of your invalidity pension to Services Australia for the purpose of identifying the Special Reduction Amount that applies under social security law. The Special Reduction Amount is equal to what the Tax Free Component of your invalidity pension would be, if it were treated as a superannuation income stream for tax purposes. To have a Tax Free Component as a superannuation income stream your service needs to have commenced before 1 July 1983. This may be different to the figure used for taxation purposes. The Special Reduction Amount is only used within the social security and veterans' entitlements systems to assess your eligibility for income support payments and does not reflect the way tax is withheld from your pension.

For more information regarding this decision please see https://www.servicesaustralia.gov.au/income-streams.

If you require any further assistance, please call the Military Superannuation Benefits Scheme Customer Contact Centre on 1300 001 877.

OFFICIAL

From: s47F(1) <s47F(1) @ato.gov.au>
Sent: Tuesday, 7 July 2026 2:40 PM
To: s47F(1) <s47F(1) @csc.gov.au>; Martyn, Peta <s47F(1) @servicesaustralia.gov.au>; Edmunds, Lauren <s47F(1) @servicesaustralia.gov.au>; s47F(1) <s47F(1) @csc.gov.au>
Subject: RE: CSC Military Invalidity Pensions [SEC=OFFICIAL]

OFFICIAL

CAUTION: Do not click any links or open any attachments unless you trust the sender and believe the content to be safe.

s47F(1)

Hopefully it hits the mark. I cannot come up with something better.

I have asked that Military invalidity pensions | Australian Taxation Office be updated to include something along these lines at the end of the page

The tax free component

The military invalidity pension may have a tax free component.

You will have a tax free component if your service commenced before 1 July 1983. This is regardless of whether you are receiving the pension as a superannuation income stream or as a superannuation lump sum.

You may have a tax free component if you receive the pension as a superannuation lump sum. You will only have a tax free component if one or both of the following applies

- your service commenced before 1 July 1983
- you have a DSB determination from CSC and your discharge date was before you reached your ADF retirement age

If CSC has to provide the Special Reduction Amount (SRA) to Services Australia or DVA, it will be the tax free component as calculated for the superannuation income stream.

Unless your service commenced before 1 July 1983, the SRA will be $0.

Maybe hitting them from multiple directions will sort this out.

s47F(1)
Director
Technical Leadership and Advice I Individuals & Intermediaries
Australian Taxation Office
Phone: s47F(1)

ATO. Working for all Australians

OFFICIAL

From: s47F(1) <s47F(1) @csc.gov.au>
Sent: Tuesday, 7 July 2026 2:27 PM
To: s47F(1) <s47F(1) @ato.gov.au>; Martyn, Peta <s47F(1) @servicesaustralia.gov.au>; Edmunds, Lauren <s47F(1) @servicesaustralia.gov.au>; s47F(1) <s47F(1) @csc.gov.au>
Subject: RE: CSC Military Invalidity Pensions [SEC=OFFICIAL]

EXTERNAL EMAIL: STOP. CHECK. PROTECT.

General Business\External

Good afternoon all

As discussed in our meeting Fiday, below is an example of the cover letter to be included with the Centrelink schedule that is generated for our Douglas cohort.

Please advise if you are happy for CSC to continue with this cover letter or if you would like any amendments made?

*Dear ****

Thank you for your enquiry requesting a Centrelink Schedule.

Please find attached a Military Invalidity Pension Income Stream Schedule for Centrelink assessment purposes.

CSC reports the components of your invalidity pension to Services Australia for the purpose of identifying the Special Reduction Amount that applies under social security law. The Special Reduction Amount is equal to what the Tax Free Component of your invalidity pension would be, if it were treated as a superannuation income stream for tax purposes. The Special Reduction Amount is only used within the social security and veterans' entitlements systems to assess your eligibility for income support payments and does not

reflect the way tax is withheld from your pension.

For more information regarding this decision please see https://www.servicesaustralia.gov.au/income-streams.

If you require any further assistance, please call the Military Superannuation Benefits Scheme Customer Contact Centre on 1300 001 877.

Kind regards

s47F(1)
Senior Specialist & CPI Project Manager
Customer Engagement
P s47F(1) / Mon-Fri
GPO Box 2252 Canberra City ACT 2601



csc.gov.au
Facebook / YouTube / LinkedIn / Instagram

From: s47F(1) <s47F(1) @ato.gov.au>
Sent: Monday, 6 July 2026 10:29 AM
To: Martyn, Peta <s47F(1) @servicesaustralia.gov.au>; Edmunds, Lauren <s47F(1) @servicesaustralia.gov.au>; s47F(1) <s47F(1) @csc.gov.au>; s47F(1) <s47F(1) @csc.gov.au>
Subject: RE: CSC Military Invalidity Pensions [SEC=OFFICIAL]

⚠ External Email : Please be cautious of links and attachments

By the way, Subdivision 307-D provides the interpretation for the elements that are used by s307-120.

s47F(1)
Director
Technical Leadership and Advice I Individuals & Intermediaries
Australian Taxation Office
Phone: s47F(1)

ATO. Working for all Australians

From: s47F(1)
Sent: Monday, 6 July 2026 10:07 AM
To: Martyn, Peta <s47F(1) @servicesaustralia.gov.au>; Edmunds, Lauren <s47F(1) @servicesaustralia.gov.au>; s47F(1) @csc.gov.au; s47F(1) @csc.gov.au
Subject: RE: CSC Military Invalidity Pensions [SEC=OFFICIAL]

Peta,

Thanks for the discussion on Friday.

Here is my summary of the law

s1099AAA refers to Subdivision 307-C but with only the income stream element to be considered. Subdivision 307-C also considers the adjustments to the income stream element that come into play if the amount is received as a superannuation lump sum.

- s307-120 requires the components to be split between the *tax free component* and the *taxable component* using s307-125, s307-130, s307-135 or s307-140, whichever applies
- the CSC payments come under s307-125 which, for purposes, specifies the timing of the calculation – it varies depending upon whether the superannuation payment is an income stream or a superannuation lump sum, but for purposes of the *Douglas* payments they are treated as if an income stream
    - the veteran is only likely to have a tax free component if they have pre-1 July 1983 service in the ADF
- The amount calculated for the purposes of s307-120 is further adjusted for tax purposes if the payment is a superannuation lump sum
    - s307-145 will increase the tax free component if the veteran has not yet reached their retirement age from the ADF
    - s307-150 will increase the tax free component if the veteran has pre-1 July 1983 service in the ADF

The Special Reduction Amount (SRA) is the tax free component calculated for the purposes of s307-120. It will only be greater than $0 if the veteran has pre-1 July 1983 service.

s47F(1) is saying that the Subdivision 307-C tax free component for tax purposes provides the same tax free component as under s1099AAA. That is only correct if the payment was assessed as a superannuation income stream. Assessing it as a superannuation lump sum may increase the tax free component. For most veterans the SRA will be $0.

s47F(1)
Director

Technical Leadership and Advice I Individuals & Intermediaries
Australian Taxation Office
Phone: s47F(1)

ATO. Working for all Australians

-----Original Appointment-----
From: Martyn, Peta <s47F(1) @servicesaustralia.gov.au>
Sent: Friday, 3 July 2026 1:30 PM
To: Edmunds, Lauren; s47F(1) ; s47F(1) @csc.gov.au; s47F(1) @csc.gov.au
Subject: CSC Military Invalidity Pensions [SEC=OFFICIAL]
When: Friday, 3 July 2026 3:00 PM-3:30 PM (UTC+10:00) Canberra, Melbourne, Sydney.
Where: Microsoft Teams Meeting

s22 (duplicate information)

From: s22
To: Edmunds, Lauren
Cc: s47E(d) ; s22 ; s22 ; s22 ; s47E(d) s22

Subject: RE: CSC Military Invalidity Pensions [SEC=OFFICIAL:Sensitive, ACCESS=Personal-privacy]
Date: Wednesday, 8 July 2026 1:18:36 PM
Attachments: RE FOR ACTION Information Request - Due 1000 am Friday 3 July 2026 CSC Military Invalidity Pensions SECOFFICIALSensitive ACCESSPersonal-privacy.msg
RE FOR ACTION Information Request - Due 1000 am Friday 3 July 2026 CSC Military Invalidity Pensions SECOFFICIALSensitive ACCESSPersonal-privacy.msg
image001.png

OFFICIAL: Sensitive//Personal privacy

Hi Lauren

Our team have reviewed the CSC letter and the ATO website change for the TFC explanation.

We have made a change to the CSC letter for consideration by CSC which can be found in **green** below.

We are happy with the wording for the TFC explanation in the ATO website change.

In relation to the following:

Could you also please:

- *Check our messaging to SA staff to ensure that there is consistent/correct messaging on this, in event of customer contact enquiring about the SRA and how it's applied to CLNK assessments*
- *Where relevant, ensure that this messaging is applied in any min corro/info requests on this matter?*

Please see the 2nd attached email for our response to this.

Cheers

s22 **, Assistant Director (AISR & Income Streams)**

Income Support Means Test
Social Security and Cross Programs Branch
CARE and SUPPORT Division

s22

OFFICIAL: Sensitive//Personal privacy

OFFICIAL: Sensitive//Personal privacy

From: Edmunds, Lauren <s47F(1) @servicesaustralia.gov.au>
Sent: Tuesday, 7 July 2026 2:37 PM
To: s22 s22 l@servicesaustralia.gov.au>
Cc: s22 <s22 @servicesaustralia.gov.au>; s22 <s22 @servicesaustralia.gov.au>; s22 <s22 @servicesaustralia.gov.au>; s47E(d) <s47E(d) @servicesaustralia.gov.au>
Subject: FW: CSC Military Invalidity Pensions [SEC=OFFICIAL:Sensitive, ACCESS=Personal-privacy]

OFFICIAL: Sensitive//Personal privacy

Hi s22

Could you/the team please review the suggested wording being put forward by CSC and ATO, to address ongoing questions/concerns being raised by customers re: the SRA (and how this is being applied to CLNK assessments). As an FYI, I've attached a high level summary of key points discussed with CSC and ATO last week on this issue.

Could you please confirm your comfort/support with these amendments by COB Wednesday please?

Could you also please:

- Check our messaging to SA staff to ensure that there is consistent/correct messaging on this, in event of customer contact enquiring about the SRA and how it's applied to CLNK assessments
- Where relevant, ensure that this messaging is applied in any min corro/info requests on this matter?

Happy to discuss further

Thanks

Lauren Edmunds, A/G National Manager

Phone s47F(1) / s47F(1)
Social Security Cross Programs Branch | Care and Support Division

OFFICIAL: Sensitive//Personal privacy

From: s47F(1) <s47F(1) @ato.gov.au>
Sent: Tuesday, 7 July 2026 2:40 PM
To: s47F(1) <s47F(1) @csc.gov.au>; Martyn, Peta <s47F(1) @servicesaustralia.gov.au>; Edmunds, Lauren <s47F(1) @servicesaustralia.gov.au>; s47F(1) <s47F(1) @csc.gov.au>
Subject: RE: CSC Military Invalidity Pensions [SEC=OFFICIAL]

OFFICIAL

s22 (duplicate information)

s22 (duplicate information)

OFFICIAL

From: s47F(1) <s47F(1) @csc.gov.au>
Sent: Tuesday, 7 July 2026 2:27 PM
To: s47F(1) <s47F(1) @ato.gov.au>; Martyn, Peta <s47F(1) @servicesaustralia.gov.au>; Edmunds, Lauren <s47F(1) @servicesaustralia.gov.au>; s47F(1) <s47F(1) @csc.gov.au>
Subject: RE: CSC Military Invalidity Pensions [SEC=OFFICIAL]

s22 (duplicate information)

s22 (duplicate information)

From: s47F(1) <s47F(1) @ato.gov.au>
Sent: Monday, 6 July 2026 10:29 AM
To: Martyn, Peta <s47F(1) @servicesaustralia.gov.au>; Edmunds, Lauren <s47F(1) @servicesaustralia.gov.au>; s47F(1) <s47F(1) @csc.gov.au>; s47F(1) <s47F(1) @csc.gov.au>
Subject: RE: CSC Military Invalidity Pensions [SEC=OFFICIAL]

s22 (duplicate information)

s22 (duplicate information)

From: s47F(1)
Sent: Monday, 6 July 2026 10:07 AM
To: Martyn, Peta <s47F(1) @servicesaustralia.gov.au>; Edmunds, Lauren <s47F(1) @servicesaustralia.gov.au>; s47F(1) @csc.gov.au; s47F(1) @csc.gov.au
Subject: RE: CSC Military Invalidity Pensions [SEC=OFFICIAL]

s22 (duplicate information)

s22 (duplicate information)

-----Original Appointment-----
From: Martyn, Peta <s47F(1) @servicesaustralia.gov.au>
Sent: Friday, 3 July 2026 1:30 PM
To: Edmunds, Lauren; s47F(1) ; s47F(1) @csc.gov.au; s47F(1) @csc.gov.au
Subject: CSC Military Invalidity Pensions [SEC=OFFICIAL]
When: Friday, 3 July 2026 3:00 PM-3:30 PM (UTC+10:00) Canberra, Melbourne, Sydney.
Where: Microsoft Teams Meeting

s22 (duplicate information)

From: Edmunds, Lauren
To: s22
Subject: RE: FOR ACTION: Information Request - Due 10:00 am Friday 3 July 2026 | CSC Military Invalidity Pensions [SEC=OFFICIAL:Sensitive, ACCESS=Personal-privacy]
Date: Friday, 3 July 2026 3:43:00 PM
Attachments: image001.png

From meeting with CSC (s47F(1)) and ATO s47F(1) Friday 03/07/2026:

- ATO and CSC confirmed we are in agreement, no deadlock
- ATO confirmed that 307-C, specifically 307-120 is utilised to calculate TFC for superannuation income streams (applicable to SRA for military invalidity pensions/social security payment assessments)
- Note that 307-145 and 307-150 (under 307-C) deal with the calculation of TFC for superannuation lump sums
- CSC will make update to letters/forms in consultation with ATO – they will provide this to us
- We agreed that we would check our messaging to SA staff to ensure that there is consistent/correct messaging on this, in event of customer contact enquiring about it
- We will also implement this messaging in any min corro/info requests on this matter as needed

Thanks

Lauren Edmunds, A/G National Manager
Phone s47F(1) / s47F(1)
Social Security Cross Programs Branch | Care and Support Division

s22 (out of scope)

From: s22
To: s22
Cc: s47E(d) ; s22
Subject: RE: FOR ACTION: Information Request - Due 10:00 am Friday 3 July 2026 | CSC Military Invalidity Pensions [SEC=OFFICIAL:Sensitive, ACCESS=Personal-privacy]
Date: Monday, 6 July 2026 12:57:01 PM
Attachments: image001.png

OFFICIAL: Sensitive//Personal privacy

Hi s22

In response to the highlighted points below

- Services Australia will review any letters/forms drafted by CSC and provide feedback and consider adoption of terminology for consistency across agencies.
    - This may include more specific details of CSC's calculation of the Special Reduction Amount under subdivision 307-C of the Income Tax Assessment Act 1997
- Services Australia will review the internal procedural guides and Level 2/Level 3 helpdesk advice for consistency in the messaging to staff as to the application of s1099AAA of the Social Security Act 1991 and the calculation of the Special Reduction Amount (SRA) under that section of the Act.
    - Current advice to staff directs them away from the Tax-Free Component (TFC) calculations that are for taxation purposes only.
    - Operational Blueprint files will be reviewed for updated messaging to assist staff with customer enquiries.
    - An update may include more specific text to assist staff to address with customers the difference between the SRA for Social Security purposes and TFC for Taxation.
    - This update will be informed by any changes in CSC letters/forms for consistent messaging across agencies
- Services Australia will implement that same messaging in a consistent manner in response to any future Ministerial Correspondence and information requests.
    - Including text to explain the difference more explicitly between calculation of the SRA for Social Security purposes and TFC for Taxation under subdivision 307-C of the Income Tax Assessment Act 1997.

Kind regards,

s22
,
Senior Program Officer

W: s22
s22
M: s22

Income Support Means Test
Social Security Cross Programs
Care and Support Division



s22

OFFICIAL: Sensitive//Personal privacy

From: s22 <s22 @servicesaustralia.gov.au>
Sent: Monday, 6 July 2026 7:37 AM
To: s22 <s22 l@servicesaustralia.gov.au>; s22 <s22 @servicesaustralia.gov.au>
Subject: FW: FOR ACTION: Information Request - Due 10:00 am Friday 3 July 2026 | CSC Military Invalidity Pensions [SEC=OFFICIAL:Sensitive, ACCESS=Personal-privacy]

OFFICIAL: Sensitive//Personal privacy

FYI from Friday's meeting with ATO and CSC – good outcome and as expected.

Please see the highlighted notes below – can I please have an update (dot points is fine) so I can close the loop with Lauren re our messaging. Will share the CSC comms once received.

Thanks!
s22

OFFICIAL: Sensitive//Personal privacy

From: Edmunds, Lauren <s47F(1) @servicesaustralia.gov.au>
Sent: Friday, 3 July 2026 3:43 PM
To: s22 <s22 @servicesaustralia.gov.au>
Subject: RE: FOR ACTION: Information Request - Due 10:00 am Friday 3 July 2026 | CSC Military Invalidity Pensions [SEC=OFFICIAL:Sensitive, ACCESS=Personal-privacy]

OFFICIAL: Sensitive//Personal privacy

From: s47F(1)
To: s47F(1) ; Martyn, Peta; Edmunds, Lauren; s47F(1)
Subject: RE: CSC Military Invalidity Pensions [SEC=OFFICIAL]
Date: Monday, 27 July 2026 11:12:07 AM

OFFICIAL

CAUTION: Do not click any links or open any attachments unless you trust the sender and believe the content to be safe.

Folks,

The content, after some minor editing, has been added to our webpage: Military invalidity pensions | Australian Taxation Office.

s47F(1)
Director
Technical Leadership and Advice I Individuals & Intermediaries
Australian Taxation Office
Phone: s47F(1)

ATO. Working for all Australians

OFFICIAL

From: s47F(1)
Sent: Tuesday, 7 July 2026 2:40 PM
To: s47F(1) ' <s47F(1) @csc.gov.au>; Martyn, Peta <s47F(1) @servicesaustralia.gov.au>; Edmunds, Lauren <s47F(1) @servicesaustralia.gov.au>; s47F(1) <s47F(1) @csc.gov.au>
Subject: RE: CSC Military Invalidity Pensions [SEC=OFFICIAL]

s22 (duplicate information)

s22 (duplicate information)

From: s47F(1) <s47F(1) @csc.gov.au>
Sent: Tuesday, 7 July 2026 2:27 PM
To: s47F(1) <s47F(1) @ato.gov.au>; Martyn, Peta <s47F(1) @servicesaustralia.gov.au>; Edmunds, Lauren <s47F(1) @servicesaustralia.gov.au>; s47F(1) <s47F(1) @csc.gov.au>
Subject: RE: CSC Military Invalidity Pensions [SEC=OFFICIAL]

s22 (duplicate information)

s22 (duplicate information)

From: s47F(1) <s47F(1) @ato.gov.au>
Sent: Monday, 6 July 2026 10:29 AM
To: Martyn, Peta <s47F(1) @servicesaustralia.gov.au>; Edmunds, Lauren <s47F(1) @servicesaustralia.gov.au>; s47F(1) <s47F(1) @csc.gov.au>; s47F(1) <s47F(1) @csc.gov.au>
Subject: RE: CSC Military Invalidity Pensions [SEC=OFFICIAL]

s22 (duplicate information)

s22 (duplicate information)

From: s47F(1)
Sent: Monday, 6 July 2026 10:07 AM
To: Martyn, Peta <s47F(1) @servicesaustralia.gov.au>; Edmunds, Lauren <s47F(1) @servicesaustralia.gov.au>; s47F(1) @csc.gov.au; s47F(1) @csc.gov.au
Subject: RE: CSC Military Invalidity Pensions [SEC=OFFICIAL]

s22 (duplicate information)

s22 (duplicate information)

-----Original Appointment-----
From: Martyn, Peta <s47F(1) @servicesaustralia.gov.au>
Sent: Friday, 3 July 2026 1:30 PM
To: Edmunds, Lauren; s47F(1) ; s47F(1) @csc.gov.au; s47F(1) @csc.gov.au
Subject: CSC Military Invalidity Pensions [SEC=OFFICIAL]
When: Friday, 3 July 2026 3:00 PM-3:30 PM (UTC+10:00) Canberra, Melbourne, Sydney.
Where: Microsoft Teams Meeting

s22 (duplicate information)