



*TaxPack 2003* has been divided into two parts:

- *TaxPack 2003* with the 2003 tax return for individuals
- *TaxPack 2003 supplement* with the 2003 tax return for individuals (supplementary section).

**NOTE** If you are using *TaxPack 2003 supplement* you must also use *TaxPack 2003* to complete all of your tax return—pages 1–12.

The questions contained in *TaxPack 2003 supplement* are shown in the contents list below. Check the list to find out if you need to use *TaxPack 2003 supplement* and complete the supplementary section of your tax return (pages 9–12).

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## QUESTION 12 PARTNERSHIPS AND TRUSTS

12

## STOP

**Do not show at this question:**

- attributed foreign income and any other foreign source income from a partnership or trust
- net capital gains from a trust
- income from a corporate limited partnership
- income from a public trading trust or a corporate unit trust
- interest you received, or were credited with, from a joint account where you quoted your individual tax file number to the financial institution
- that part of a distribution on which family trust distribution tax or ultimate beneficiary non-disclosure tax has been paid.

Otherwise you may be taxed incorrectly. Other questions deal with these matters. Refer to the relevant topics in the Index.

## NOTE

If you think any details are missing from the statement or advice you received from the partnership or trust, or any are wrong, contact the managing partner or trustee.

For 2002–03 did you receive or were you entitled to:

- income or a loss from a partnership
- income from a trust (including a managed fund)
- a share of credit for tax paid on or withheld from partnership or trust income

or did you have an interest in a trust that made a loss from primary production activities?

If the partnership—in which you are a partner—paid you salary, wage or allowance type income, you must show that income at this question.

Distributions of income from any trust investment product, including a cash management trust, money market trust, mortgage trust, unit trust, or managed fund such as a property trust, share trust, equity trust, growth trust, imputation trust or balanced trust, must be shown at this question.

NO 

Go to question 13.

YES 

Read below.

## WHAT YOU MAY NEED

- details of any deductions you can claim against your partnership or trust distribution that have not already been claimed by the partnership or trust
- a statement or advice from the partnership or trust showing the following details in relation to your share of any distribution:
  - the amount of any primary production income or loss and the amount of any non-primary production income or loss
  - the amount of any net capital gains, attributed foreign income and other foreign source income
  - the amount of any income on which family trust distribution tax has not been paid
  - your share of entitlement to any of the following credits:
    - credit for amounts of tax withheld because the trust or partnership failed to quote its Australian business number
    - allowable imputation/franking credits from franked dividends
    - credit for tax file number amounts withheld
    - credit for tax paid by the trustee
- the publication *Business and professional items* (NAT 2543—6.2003) which contains the *2003 business and professional items schedule*. This publication is available on the Australian Taxation Office website at [www.ato.gov.au](http://www.ato.gov.au) Or to find out how to get a printed copy, see the inside back cover of *TaxPack*. If you conducted a business activity as a partner in a partnership that resulted in a loss or resulted in a loss after deducting your expenses you must complete items **P3** and **P9** in the *2003 business and professional items schedule* in addition to item **12**.

## YOU NEED TO KNOW

If you have deferred non-commercial business losses from a prior year you may be able to claim them this year if you operate the same or a similar business.

## NOTE

The deferred non-commercial business loss deduction you can claim in this year may be reduced if:

- you earned net exempt income in this income year, or
- you have become bankrupt or are released from any debts by the operation of an Act relating to bankruptcy.

Phone the Business Infoline on **13 28 66** for more information. For an explanation of net exempt income, see question **L1** on page 63 of *TaxPack*.

Some trust distributions paid after 30 June 2003 need to be included in your tax return for this year. This is because you were entitled to this income at 30 June 2003. You must

make sure that you have included all of your trust income. If you have not been advised of all your trust distribution, contact your trustee.

If your trust distribution includes amounts described as tax-free, tax deferred, tax exempted or capital gains tax (CGT) concession, you will need to read the information on non-assessable payments in the publication *Guide to capital gains tax* (NAT 4151—6.2003). While these amounts may not need to be included at this item, they may be relevant in determining the amount of net capital gains you show at item **17** or may affect the cost base of your unit or trust interest. This publication is available on the Australian Taxation Office website at [www.ato.gov.au](http://www.ato.gov.au) Or to find out how to get a printed copy, see the inside back cover of *TaxPack*.

Not all income distributed from a partnership or trust is to be shown at this question. If your distribution includes the following categories of income they are to be shown at other items on your tax return:

- net capital gains from trusts—show at item **17**
- attributed foreign income—show at item **18**
- other foreign source income—show at item **19**.

You should not receive a distribution of a net capital gain from a partnership. For information about how a partner returns their share of a capital gain or capital loss refer to the publication *Guide to capital gains tax*.

### Completing this question

Answer the following three questions first:

- 1 If you are an Australian resident, you may be able to claim a credit for Australian withholding tax you have borne on an Australian source dividend, interest or royalty included in your distribution from a non-resident trust. A non-resident trust is either a trust whose trustee was not an Australian resident during 2002–03 or a trust which was not managed or controlled from Australia during 2002–03. Are you an Australian resident in receipt of, or entitled to receive, Australian source income from a non-resident trust?

NO

YES

- 2 If you are under a legal disability, you may be able to claim a credit for the tax that the trustee has paid on your share of income. You are considered to be under a legal disability if you are under 18 years of age as at 30 June 2003 or you are a person who is bankrupt or you have been declared legally incapable because of a mental condition. Are you under a legal disability?

NO

YES

- 3 If you are not an Australian resident, you may be able to claim a credit for the tax that the trustee has paid on your share of income from a resident trust. Are you a non-resident?

NO

YES

If you answered **NO** to all three questions, go to part A.

If you answered **YES** to one or more of these questions, you will need to provide additional information.

Print SCHEDULE OF ADDITIONAL INFORMATION—QUESTION 12 at the top of a separate piece of paper and explain your situation. Include your name, address, tax file number, the trust name, your share of income from the trust and any credits you are entitled to claim for that income. Print **X** in the **YES** box at *Taxpayer's declaration* question 2a on page 8 of your tax return. Sign and attach your schedule to page 3 of your tax return. Go to part A.

#### **PART A** Were you a partner in a partnership that derived income or made a loss?

NO

Go to part B.

YES

Read below.

**STEP 1** Write the total of your share of primary production partnership income or loss at **N** item **12** on your tax return. Do not show cents. If you have a loss, print **L** in the box  at the right of **N**.

**STEP 2** Write the total of your share of non-primary production partnership income or loss—excluding any attributed foreign income or other foreign source income—at **O** item **12**. Do not show cents. If you have a loss, print **L** in the box  at the right of **O**.

**STEP 3** Complete items **P3** and **P9** in the *2003 business and professional items schedule* if the amount at **N** or **O** includes a loss from a business activity operated by one or more of your partnerships.

#### **PART B** Did you receive or were you entitled to income from a trust; or did you have an interest in a trust that made a loss from primary production activities?

NO

Go to part C.

YES

Read below.

#### YOU NEED TO KNOW

If, in an income year, a trust makes an overall loss for income tax law purposes, the loss is retained in the trust—there is no amount of net income available for distribution.

However, in some cases you are required to enter a loss at this question. This happens when your income is subject to the averaging provisions available to primary producers, and the trust has made a loss from its primary production activities but has an overall net income amount, which it distributes to you.

Your distribution advice or statement from the trust will separately disclose your share of the primary production loss—which is needed for averaging purposes—and your share of other income. You show your share of any primary production loss at **L** item **12** on your tax return and your share of other income at the relevant item—either **U** item **12**, or item **17**, **18** or **19** on your tax return.

If you need help, phone the Personal Tax Infoline (see the inside back cover of *TaxPack*).

**STEP 1** Write the total of your share of primary production trust income or loss at **L** item **12** on your tax return. Do not show cents. If you have a loss, print **L** in the box  at the right of **L**.

**STEP 2** Write the total of your share of non-primary production trust income or loss—excluding any net capital gain, attributed foreign income or other foreign source income—at **U** item **12**. Do not show cents. If you have a loss, print **L** in the box  at the right of **U**.

### Exception for primary producers

If you are a beneficiary of a trust that carries on the business of primary production, you may still be eligible for tax liability averaging even where that trust makes an overall loss. If this applies to you and you have not already been required to fill in **L** at step 1, then write '0' at **L**. This will ensure that you remain subject to the tax liability averaging provisions.

You may need to refer to *Taxation Ruling TR 95/29—Applicability of averaging provisions to beneficiaries of trust estates carrying on a business of primary production*. This publication is available on the Australian Taxation Office (ATO) website at [www.ato.gov.au](http://www.ato.gov.au) Or to find out how to get a printed copy, see the inside back cover of *TaxPack*.

### PART C Can you claim any deductions in relation to a distribution from a partnership or trust?

**NO**  Go to part D.

**YES**  Read below.

Remember, you cannot claim a deduction for amounts already claimed by the partnership or trust, or for expenses incurred in deriving exempt income such as an exempt distribution on which family trust distribution tax or ultimate beneficiary non-disclosure tax has been paid.

If you made a prepayment of \$1,000 or more for something to be done (in whole or in part) in a future income year, the amount you can deduct at **X** and **Y** may be affected by the rules relating to prepayments. For more information see the publication *Deductions for prepaid expenses* (NAT 4170—6.2003). This publication is available on the ATO website. Or to find out how to get a printed copy, see the inside back cover of *TaxPack*.

If you have incurred debt deductions, such as interest and borrowing costs, in relation to a distribution from a partnership or trust, the amount that you can deduct at **X** and **Y** may be affected by the thin capitalisation rules. If you are an Australian resident and you (or any associate entities) have certain overseas interests or you are a foreign resident, these rules may apply if all your debt deductions (combined with those of your associate entities) for the year are more than \$250,000. More information about thin capitalisation is available on the ATO website at [www.ato.gov.au](http://www.ato.gov.au)

### Primary production deductions

**STEP 1** If you are a partner in a partnership that incurred eligible expenditure on landcare operations or water facilities the expenditure cannot be

claimed by the partnership. Costs incurred by the partnership are allocated to each partner who can then claim the deduction.

Write your share of the total of any such expenditure that relates to primary production income or loss from partnerships that you can deduct this year at **I** item **12** on your tax return. Do not show cents.

**NOTE** If you are a partner in a partnership that incurred eligible expenditure in the 2000–01 income year on water facilities and you previously chose to claim a tax offset over three years instead of a deduction for your share of the expenditure, you may be able to claim the tax offset at item **T10** on your tax return. See page s56 for more information. The choice of a tax offset is not available for expenditure incurred after the end of the 2000–01 income year.

If a trust incurred eligible expenditure on landcare operations or water facilities, only the trust can claim deductions for that expenditure, not a beneficiary of the trust.

For further information on deductions for expenditure on landcare operations and water facilities see the *Guide to depreciating assets* (NAT 1996—6.2003). This publication is available on the ATO website. Or to find out how to get a printed copy, see the inside back cover of *TaxPack*.

**STEP 2** Write at **X** item **12** the total of any other deductions (including non-commercial business losses deferred from a prior year) you can claim in relation to:

- your share of primary production income or loss from a partnership, or
- primary production income from a trust.

If you are a partner in a partnership and can claim a deduction in relation to your share of eligible expenditure incurred by the partnership on horticultural plants, grapevines, electricity connections or telephone lines, include any such deduction that relates to primary production income or loss at this label. For information about deductions for expenditure on horticultural plants, grapevines, electricity connections and telephone lines see the *Guide to depreciating assets*.

**NOTE** Only include non-commercial business losses deferred from a prior year if they relate to a partnership activity which is the same or similar to your current year partnership activity. Refer to the example on page s5.

**STEP 3** From the list below print the code letter in the **TYPE** box  at the right of **X** that describes any business losses from a prior year that you are claiming at **X**.

- Print **D** if the entire amount at **X** is a deferred non-commercial business loss from a prior year.
- Print **P** if only part of the amount at **X** is a deferred non-commercial business loss from a prior year.
- Leave the **TYPE** box  blank if the amount at **X** does not include any deferred non-commercial business losses from a prior year.

## Non-primary production deductions

**STEP 1** If a partnership incurs eligible expenditure on landcare operations, the expenditure cannot be claimed by the partnership. Costs incurred by the partnership are allocated to each partner who can then claim the deduction. Write your share of the total of any such expenditure that relates to non-primary production income or loss from partnerships that you can deduct this year at **J** item 12. Do not show cents.

If a trust incurred eligible expenditure on landcare operations, only the trust can claim deductions for that expenditure, not a beneficiary of the trust.

For further information on deductions for expenditure on landcare operations see the *Guide to depreciating assets*.

**STEP 2** Write at **Y** item 12 the total of any other deductions (including non-commercial business losses deferred from a prior year) you can claim in relation to:

- your share of non-primary production income or loss from a partnership, or
- non-primary production income from a trust.

If you are a partner in a partnership and can claim a deduction in relation to your share of eligible expenditure incurred by the partnership on electricity connections, include any such deduction that relates to non-primary production income or loss from partnerships at this label. For information about deductions for expenditure on electricity connections see the *Guide to depreciating assets*.

**NOTE** Only include non-commercial business losses deferred from a prior year if they relate to a partnership activity which is the same or similar to your current year partnership activity.

### Example

In 2001–02 Lisa deferred total non-commercial business losses of \$6,000 from her share of partnership activities made up of:

- \$5,000 from a furniture restoration business, and
- \$1,000 from a computer consultancy business.

The partnership did not carry on the computer consultancy business in 2002–03. Lisa cannot include her \$1,000 loss from the computer consultancy business at **Y**. This amount does not relate to an activity which is the same or similar to her current year activity.

In 2002–03 Lisa's partnership distribution from the furniture restoration business is \$2,000.

Lisa will include the \$5,000 as a deferred loss relating to the furniture restoration business at **Y**. Therefore, her net distribution from this business activity is a loss of \$3,000.

**Note:** Her \$5,000 loss from the furniture restoration business must also be shown at item **P9** in the *2003 business and professional items schedule* as the 'Deferred non-commercial business loss from a prior year'. The net distribution of \$3,000 loss from the furniture restoration business must also be shown at item **P9** as the 'Net loss' for that activity.

Lisa should keep a record of her \$1,000 deferred loss from the computer consultancy business, as she may be able to claim it in a later year if that business starts again or she starts a similar business.

**STEP 3** From the list below print the code letter in the **TYPE** box  at the right of **Y** that describes any business losses from a prior year that you are claiming at **Y**.

- Print **D** if the entire amount at **Y** is a deferred non-commercial business loss from a prior year.
- Print **P** if only part of the amount at **Y** is a deferred non-commercial business loss from a prior year.
- Leave the **TYPE** box  blank if the amount at **Y** does not include any deferred non-commercial business losses from a prior year.

## **PART D** Calculation of net distribution from primary production and non-primary production

### **STEP 1** Net primary production distribution

Add the income amounts at **N** and **L**—or deduct loss amounts if any—and take away the amounts at **I** and **X**. Write the answer at **Net primary production distribution**, item 12 on your tax return. Do not show cents.

If you have a loss, print **L** in the **LOSS** box  at the right of **Net primary production distribution**, item 12.

If you have a total net loss from a partnership business activity, complete items **P3** and **P9** in the *2003 business and professional items schedule* in addition to item 12 on your tax return.

### **STEP 2** Net non-primary production distribution

Add the income amounts at **O** and **U**—or deduct loss amounts if any—and take away the amounts at **J** and **Y**. Write the answer at **Net non-primary production distribution**, item 12. Do not show cents.

If you have a loss, print **L** in the **LOSS** box  at the right of **Net non-primary production distribution**, item 12.

If you have a total net loss from a partnership business activity, complete items **P3** and **P9** in the *2003 business and professional items schedule* in addition to item 12 on your tax return.

**Important:** If your distribution includes income from activities as an author of a literary, dramatic, musical or artistic work, inventor, performing artist, production associate or active sportsperson, you must also write the amount of this taxable professional income at **Z** item 22. You will not be taxed twice on this income. More information is available at question 22.

## **PART E** Share of credits from partnerships and trusts

If the partnership or trust income you have shown at **N**, **L**, **O** or **U** item 12 on your tax return includes:

- income from which an amount of tax was withheld because an Australian business number was not

quoted, write your share of the distributed credit at **P** item 12. Show cents.

- interest, dividends and unit trust distributions from which tax file number (TFN) amounts have been withheld, write the total of your share of credits for TFN amounts withheld at **R** item 12. Show cents.

Other credits:

- For tax paid by a trustee on trust income, write the total of your share of credits for tax paid by a trustee at **S** item 12. Show cents.

**NOTE** Imputation credits are also known as franking credits.

### Imputation/franking credits

Write the amount of your share of any allowable imputation/franking credits which you are entitled to claim as a franking tax offset through a partnership or trust at **Q** item 12. Show cents. You and the partnership or trustee must be qualified persons in relation to the particular dividend—see **Qualified person** below.

You can only claim a share of an imputation/franking credit which relates to the share of a franked dividend paid to a partnership or trust which is indirectly included in the amount of partnership income or loss you show at **O** item 12, or in the amount of trust income which you show at **U** item 12. Therefore, you cannot claim an imputation/franking credit for a dividend paid to the partnership or trust which was an exempt distribution because family trust distribution tax or ultimate beneficiary non-disclosure tax was paid on it.

You cannot claim a share of an imputation/franking credit through a trust in the following circumstances:

- the trust has an overall loss for the income year
- you did not show an amount of income from the trust at **U** item 12, or
- the amount of income from the trust you have shown at **U** item 12 is not attributable to the franked dividend which has generated the imputation/franking credit.

In addition you cannot claim an imputation/franking credit in respect of your share of dividends received through a distribution from a partnership or trust unless both you and the partnership or trustee are qualified persons.

### Qualified person

A taxpayer must satisfy both the holding period rule and the related payments rule in order to be a qualified person in relation to a dividend. Only qualified persons are entitled to the benefit of imputation/franking credits attached to dividends.

Where you derive dividends through a distribution from a partnership or trust—except a widely held trust—you need to determine what component of the trust or partnership distribution is attributable to a particular dividend, and then determine whether, in relation to that dividend, you have satisfied the holding period rule and the related payments rule.

In addition, the trustee or the partnership itself must also have satisfied these rules.

The **holding period rule** could affect you if you or the partnership or trustee bought shares (or an interest in shares) on or after 1 July 1997 and sold the shares (or the interest in shares) or entered into a risk diminution arrangement, such as a derivative transaction, within 45 days—90 days for certain preference shares—of buying the shares (or the interest in shares). The **related payments rule** could affect you if you or the partnership or trustee were under an obligation to make a related payment with respect to a dividend under an arrangement entered into after 7.30 pm on 13 May 1997 and the shares (or the interest in shares) were not held 'at risk' during a specified qualifying period. Special rules apply if you are the beneficiary of a trust and the trustee has made a family trust election.

However, by way of exception, if you are a beneficiary in a widely held trust, you are treated as holding an interest in all the shares, or interests, held by the trust, as an undissected aggregate. You are only required to satisfy the 45-day rule in relation to your interest in the trust as a whole, rather than in relation to each share in which you have an interest under the trust. The trustee should be able to advise if a particular trust qualifies as a widely held trust.

If you have failed the holding period rule and the related payments rule does not apply to you, you may still be entitled to a franking tax offset if you qualify for the small shareholder exemption. The small shareholder exemption imposes a maximum franking tax offset ceiling of \$5,000 on all your franking tax offset entitlements in a given year, whether received directly, or indirectly through a partnership or trust.

If any of these measures are likely to affect you, read the publication *You and your shares* (NAT 2632—6.2003). This publication is available on the Australian Taxation Office website at [www.ato.gov.au](http://www.ato.gov.au) Or to find out how to get a printed copy, see the inside back cover of *TaxPack*.

### CHECK THAT YOU HAVE . . .

- Completed—as necessary—parts A, B, C, D and E
- attached to page 3 of your tax return your signed SCHEDULE OF ADDITIONAL INFORMATION—QUESTION 12, if you need to send us one
- kept a record of each distribution with your other records. You need the following information—name and tax file number of the partnership or trust, amount and source of distribution, amount of any taxable professional income, amount and type of any deductions claimed and amount and type of any share of credits.

# QUESTION 13 PERSONAL SERVICES INCOME (PSI)

13

INCOME

Did you receive personal services income as a SOLE TRADER including:

- personal services income under a pay as you go (PAYG) voluntary agreement
- personal services income from which an amount was withheld because you did not quote your Australian business number (ABN)
- personal services income as an independent contractor under a labour hire arrangement
- personal services income from a specified payment including:
  - payment for tutorial services provided for the Aboriginal Tutorial Assistance Scheme of the Department of Education, Science and Training,
  - payment for translation and interpretation services for the Translating and Interpreting Service of the Department of Immigration and Multicultural and Indigenous Affairs
  - income as a performing artist in a promotional activity
- other personal services income?

NO Go to question 14.

YES Read below.

## YOU NEED TO KNOW

### NOTE

The exemption from the special rules which applied in 2000–01 and 2001–02 to certain holders of a prescribed payments system (PPS) payee declaration does not apply for 2002–03. If you were the holder of such a PPS payee declaration, you are now subject to the special rules unless you are conducting a personal services business.

## WHAT YOU NEED

### NOTE

If you need more information phone the Business Infoline on 13 28 66 or visit the ATO website at [www.ato.gov.au](http://www.ato.gov.au)

There are special rules for the tax treatment of personal services income earned by sole traders including contractors and consultants. If you had personal services income as a sole trader and you are subject to the special rules, you will not be able to claim certain deductions—for example, rent, mortgage interest, rates or land tax for your home, or payments to your spouse (or other associate) for support work such as secretarial duties.

You will be subject to the special rules if you are not conducting a personal services business.

Personal services income is income that is mainly a reward for an individual's personal efforts or skills.

Examples of personal services income are:

- income of a professional practitioner in a sole practice
- income payable under a contract which is wholly or principally for the labour or services of a person
- income derived by a professional sportsperson or entertainer from the exercise of professional skills
- income derived by consultants from the exercise of personal expertise.

Personal services income does not include income that is mainly:

- for sale or supply of goods or granting a right to use property
- for the use of an asset, or
- generated by a business structure for example, a large accounting firm.
- the publication *Personal services business self assessment guide and checklist* (NAT 3416—11.2001).

This publication will help you decide whether you are conducting a personal services business. It also provides particulars of how you may obtain more information about personal services income issues. You may also need *Taxation Ruling TR 2001/7—The meaning of personal services income* and *Taxation Ruling TR 2001/8—What is a personal services business*. These publications are available on the Australian Taxation Office (ATO) website at [www.ato.gov.au](http://www.ato.gov.au) Or to find out how to get a printed copy, see the inside back cover of *TaxPack*

- the publication *Business and professional items* (NAT 2543—6.2003). You need to read this publication before you can complete this question. This publication is available on the ATO website. Or to find out how to get a printed copy, see the inside back cover of *TaxPack*
- the *2003 business and professional items schedule* which is included in *Business and professional items*

- the *Individual PAYG payment summary schedule 2003* which is also included in *Business and professional items*. You will need to complete this schedule if you had tax withheld from your personal services income.

### COMPLETE YOUR SCHEDULES

- 2003 business and professional items schedule**  
Complete the schedule, sign it and attach it to page 3 of your tax return. If you do not attach your schedule, your tax return will be sent back to you. Do not include any of your calculations on your tax return. When you attach your *2003 business and professional items schedule* to page 3 of your tax return, print **X** in the **YES** box at *Taxpayer's declaration* question 2b on page 8 of your tax return.
- Individual PAYG payment summary schedule 2003**  
If you received personal services income from which tax was withheld, complete this schedule and attach it to page 3 of your tax return. Print **X** in the **YES** box at *Taxpayer's declaration* question 2a on page 8 of your tax return.

Did you write an amount at **M**, **N**, **O**, **J**, **K**, **L** or **A**, item **P1** on your *2003 business and professional items schedule*?

**NO**  Go to question 14.

**YES**  Read below.

### Completing this question

#### PART A Net personal services income

- STEP 1** Transfer your net personal services income or loss shown at **A** item **P1** on your *2003 business and professional items schedule* to **A** item **13** on your tax return. Do not show cents.
- STEP 2** If you made a loss, print **L** in the **LOSS** box  at the right of **A**.
- STEP 3** If you made a loss from one or more business activities, check that you have completed items **P3** and **P9** in the *2003 business and professional items schedule*.

**Important:** If you carried on a business as an author, dramatic artist, musician, artist, inventor, performing artist, production associate, or active sportsperson, you must ALSO write the amount of income you received from these business activities at **Z** item **22**. See page s30 in *TaxPack 2003 supplement* for more information.

You will not be taxed twice on this income.

#### PART B Tax withheld from personal services income

Did you include an amount at **M**, **N** or **O**, item **P1** on your *2003 business and professional items schedule*?

**NO**  Go to **CHECK THAT YOU HAVE ...**

**YES**  Read on.

**1 Did you have amounts of tax withheld under a pay as you go (PAYG) voluntary agreement?**

**NO**  Go to 2.

**YES**  Read below.

Add up all the amounts on your *Individual PAYG payment summary schedule 2003* at the **Tax withheld** boxes with a **V** in the **Type** box . These amounts must correspond with the payments shown at **M** item **P1** on your *2003 business and professional items schedule*. Write this amount at **G** item **13** on your tax return. Do not show cents.

**2 Did you have amounts of tax withheld because you did not quote your Australian business number?**

**NO**  Go to 3.

**YES**  Read below.

Add up all the amounts on your *Individual PAYG payment summary schedule 2003* at the **Tax withheld** boxes with an **N** in the **Type** box . These amounts must correspond with the payments shown at **N** item **P1** on your *2003 business and professional items schedule*. Write this amount at **H** item **13** on your tax return. Show cents.

**3 Did you have amounts of tax withheld:**

- because you received income under a labour hire arrangement, or
- from a specified payment?

**NO**  Go to **CHECK THAT YOU HAVE ...**

**YES**  Read below.

Add up all the amounts on your *Individual PAYG payment summary schedule 2003* at the **Tax withheld** boxes with an **S** in the **Type** box . These amounts must correspond with the payments shown at **O** item **P1** on your *2003 business and professional items schedule*. Write this amount at **J** item **13** on your tax return. Do not show cents.

#### CHECK THAT YOU HAVE ...

- read the publication *Business and professional items*
- completed your *2003 business and professional items schedule*, signed and attached it to page 3 of your tax return
- transferred the amount from **A** item **P1** on the schedule to **A** item **13**. If this amount is a loss, print **L** in the **LOSS** box  at the right of **A**
- printed **X** in the **YES** box at *Taxpayer's declaration question 2b* on page 8 of your tax return.

If you received personal services income from which tax was withheld also check that you have:

- completed your *Individual PAYG payment summary schedule 2003* and attached it to page 3 of your tax return
- written amounts at **G**, **H** and **J** item **13**, if required
- printed **X** in the **YES** box at *Taxpayer's declaration question 2a* on page 8 of your tax return.



# QUESTION 14 NET INCOME OR LOSS FROM BUSINESS

14

INCOME

## STOP

### Do not show at this question:

personal services income included at question 13 Personal services income (PSI).

Did you derive income—other than personal services income shown at question 13—from any business including:

- a primary production business
- income under a pay as you go (PAYG) voluntary agreement
- income from which an amount was withheld because you did not quote your Australian business number (ABN)
- income as an independent contractor under a labour hire arrangement
- income from a specified payment including:
  - payment for tutorial services provided for the Aboriginal Tutorial Assistance Scheme of the Department of Education, Science and Training,
  - payment for translation and interpretation services for the Translating and Interpreting Service of the Department of Immigration and Multicultural and Indigenous Affairs
  - income as a performing artist in a promotional activity
- any other business income, such as from being a sole trader?

NO Go to question 15.

YES Read below.

## YOU NEED TO KNOW

You need to read the publication *Business and professional items* (NAT 2543—6.2003) before you can answer this question. This publication is available on the Australian Taxation Office website at [www.ato.gov.au](http://www.ato.gov.au) Or to find out how to get a printed copy, see the inside back cover of *TaxPack*.

*Business and professional items* contains the *2003 business and professional items schedule*. As part of answering this question **you must complete this schedule, sign it and attach it to page 3 of your tax return**. If you do not attach your schedule, your tax return will be sent back to you. Do not include any of your calculations on your tax return.

When you attach your *2003 business and professional items schedule* to page 3, print **X** in the **YES** box at *Taxpayer's declaration* question 2b on page 8 of your tax return.

*Business and professional items* also contains the *Individual PAYG payment summary schedule 2003*. If you received business income from which tax was withheld you will also need to complete this schedule before completing item 14.

When you attach your *Individual PAYG payment summary schedule 2003* to page 3, print **X** in the **YES** box at *Taxpayer's declaration* question 2a on page 8 of your tax return.

You must show your net income—gross business income less business deductions—at **B** item 14 for primary production and at **C** item 14 for non-primary production business income.

You carry on a primary production business if you carry on a business in any of the following:

- cultivating or propagating plants, fungi or their products or parts
- maintaining animals for the purpose of selling them or their bodily produce
- manufacturing dairy produce from raw material you produced
- conducting operations relating directly to taking or catching fish, turtles, dugong, bêche-de-mer, crustaceans or aquatic molluscs
- conducting operations relating directly to taking or culturing pearls or pearl shell
- planting or tending trees in a plantation or forest that are intended to be felled
- felling trees in a plantation or forest
- transporting trees that you felled in a plantation or forest to the place
  - where they are first to be milled or processed, or
  - from which they are to be transported to the place where they are first to be milled or processed.

If you are a primary producer, you also need to read the publication *Information for primary producers* (NAT 1712—6.2003). This publication is available on the Australian Taxation Office (ATO) website at [www.ato.gov.au](http://www.ato.gov.au) Or to find out how to get a printed copy, see the inside back cover of *TaxPack*.

#### WHAT YOU MAY NEED

The following publications may help you to correctly complete this question:

- *Taxation Ruling TR 92/18—Bad debts*
- *Taxation Ruling TR 93/30—Deductions for home office expenses*
- *Taxation Ruling TR 96/7—Record keeping—section 262A—general principles*
- *Taxation Ruling TR 97/11—Am I carrying on a business of primary production?*
- *Taxation Ruling TR 97/21—Record keeping—electronic records*
- *Taxation Ruling TR 97/23—Deductions for repairs*
- *Guide to depreciating assets* (NAT 1996—6.2003)
- *The Simplified Tax System: A guide for tax agents and small businesses* (NAT 6459—6.2002)

If you think you may need these publications, visit the ATO website or see the inside back cover of *TaxPack* to find out how to get them.

**Important:** Complete your *2003 business and professional items schedule*, and your *Individual PAYG payment summary schedule 2003*, if required, before you continue.

#### **PART A** Did you derive income from a primary production business?

NO Go to part B.  YES Read below.

**STEP 1** Transfer your net income or loss from primary production business shown at **Y** on page 3 of your *2003 business and professional items schedule* to **B** item **14** on your tax return. Do not show cents.

**STEP 2** If you made a loss, print **L** in the **LOSS** box  at the right of **B** item **14**.

**STEP 3** If you made a loss in 2002–03 from one or more business activities, check that you have completed items **P3** and **P9** in the *2003 business and professional items schedule*.

#### **PART B** Did you derive income from any non-primary production business?

NO Go to part C.  YES Read below.

**STEP 1** Transfer your net income or loss from non-primary production business shown at **Z** on page 3 of your *2003 business and professional items schedule* to **C** item **14** on your tax return. Do not show cents.

**STEP 2** If you made a loss, print **L** in the **LOSS** box  at the right of **C**.

**STEP 3** If you made a loss in 2002–03 from one or more business activities, check that you have completed items **P3** and **P9** in the *2003 business and professional items schedule*.

**Important:** If you carried on a business as an author of a literary, dramatic, musical or artistic work or as an inventor, performing artist, production associate or active sportsperson, you must ALSO write the amount of income from these business activities at **Z** item **22**. See page s31 for more information.

You will not be taxed twice on this income.

**PART C** In your calculation of total business income in the 2003 business and professional items schedule, did you include income from which an amount of tax was withheld at **C, D, E, F, N** or **O** item P8?

**NO**  Go to **CHECK THAT YOU HAVE . . .** **YES**  Read below.

**1 Did you have any amounts of tax withheld under a pay as you go (PAYG) voluntary agreement?**

**NO**  Go to 2. **YES**  Read below.

Add up all the amounts on your *Individual PAYG payment summary schedule 2003* shown in the **Tax withheld** boxes where you have printed **V** in the **Type** box . These amounts must correspond with the payments shown at **E** and **F** item P8 in the *2003 business and professional items schedule*. Write this total at **D** item 14 on your tax return. Do not show cents.

**2 Did you have any amounts of tax withheld because you did not quote your Australian business number (ABN)?**

**NO**  Go to 3. **YES**  Read below.

Add up all the amounts on your *Individual PAYG payment summary schedule 2003* shown in the **Tax withheld** boxes where you have printed **N** in the **Type** box . These amounts must correspond with the payments shown at **C** and **D** item P8 in the *2003 business and professional items schedule*. Write this total at **W** item 14 on your tax return. Show cents.

**3 Did you have any amounts of tax withheld:**

- because you received income under a labour hire arrangement, or
- from a specified payment?

**NO**  Go to **CHECK THAT YOU HAVE . . .** **YES**  Read below.

Add up all the amounts on your *Individual PAYG payment summary schedule 2003* shown in the **Tax withheld** boxes where you have printed **S** in the **Type** box . These amounts must correspond with the payments shown at **N** and **O** item P8 in the *2003 business and professional items schedule*. Write this amount at **F** item 14 on your tax return. Do not show cents.

**CHECK THAT YOU HAVE . . .**

- read the publication *Business and professional items*
- completed the *2003 business and professional items schedule* (the schedule), signed and attached it to page 3 of your tax return
- transferred the amounts from **Y** and **Z** item P8 on the schedule to **B** and **C** at item 14 respectively and, if these amounts are losses, printed **L** in the **LOSS** box  at the right-hand side
- printed **X** in the **YES** box at *Taxpayer's declaration* question 2b on page 8 of your tax return.

If you received business income from which tax was withheld also check that you have:

- completed the *Individual PAYG payment summary schedule 2003* and attached it to page 3 of your tax return.
- written amounts at **D**, **W** and **F** item 14, if required
- printed **X** in the **YES** box at *Taxpayer's declaration* question 2a on page 8 of your tax return.

# QUESTION 15 DEFERRED NON-COMMERCIAL BUSINESS LOSSES

15

INCOME

## Did you:

- conduct a business activity as a partner in a partnership that resulted in a loss, or resulted in a loss after deducting your expenses, or
- conduct a business activity as a sole trader that resulted in a loss?

This question does not apply to activities that do not constitute carrying on a business—for example, the receipt of passive investment income.

NO Go to question 16.

YES Read below.

## WHAT YOU MAY NEED

- *Taxation Ruling TR 2001/14—Income tax: Division 35—non-commercial business losses*. This publication is available on the Australian Taxation Office (ATO) website at [www.ato.gov.au](http://www.ato.gov.au) Or to find out how to get a printed copy, see the inside back cover of *TaxPack*
- *Non-commercial losses: partnerships* (NAT 3385—7.2000). This publication provides information on the special rules that apply to determine whether a business activity you carry on in partnership with others satisfies any one of the four tests shown on the next page. This publication is available on the ATO website or phone the Business Infoline on **13 28 66**
- any written advice from the ATO that the Commissioner will exercise his discretion to allow you to deduct your loss from your business activity carried on either as a sole trader or in partnership with others
- if you are a partner in a partnership, the following details for each business activity which you, as a partner, are involved in:
  - the amount of assessable income earned by the partnership for the activity
  - the share of partnership assessable income, real property and certain other assets, attributable to partners who are not individuals
  - your share of income or loss from the partnership for the activity
- your completed *2003 business and professional items schedule*—for you as a sole trader, or as a partner with a net loss from a business activity carried on in partnership with others.

## YOU NEED TO KNOW

There are special rules relating to deferral of non-commercial business losses.

You can only use a 2002–03 loss from a business activity you conduct either as a sole trader or in partnership in calculating your 2002–03 taxable income where:

- the Exception applies OR
- one of the four tests is satisfied OR
- if one of the four tests is not satisfied, the Commissioner has exercised his discretion or ruled that it will be exercised to allow you to claim the loss.

**If you are unable to claim your loss this year because of these rules, you must defer the loss.**

**This deferred loss is not disallowed.** Instead, you take it into account for the next income year in which you carry on this business activity, or one of a similar kind.

The deferred loss is a deduction when calculating any net profit or loss from the activity in that future year.

Whether any overall loss can be taken into account in your calculation of taxable income for that future year will depend on the application of the non-commercial business loss deferral rules in that year.

You must defer your loss by completing item **15** on your tax return. The amount shown at item **15** cannot be used to reduce your 2002–03 taxable income.

### IMPORTANT

Keep records of each of the net losses deferred for your separate business activities.

**NOTE**

Your assessable income excludes any goods and services tax (GST) if you are registered or required to register for GST.

**NOTE**

Special rules apply in respect of these four tests if you are undertaking a business activity in partnership—refer to the publication *Non-commercial losses: partnerships* (NAT 3385—7.2000) which is available on the Australian Taxation Office website at [www.ato.gov.au](http://www.ato.gov.au) or phone the Business Infoline on **13 28 66**.

**The Exception**

If you operate a **primary production** business or a **professional arts** business and your assessable income for 2002–03 (except any net capital gain) from other sources that do not relate to that activity is less than \$40,000, you may claim your business loss this year.

A professional arts business is a business you carry on as an author of a literary, dramatic, musical or artistic work, a performing artist or a production associate.

You cannot claim losses arising from activities you conduct that are a private recreational pursuit or hobby, or where there is no likelihood of profit.

**The four tests**

You will not have to defer your loss from your business activity if the activity satisfies at least one of the following four tests:

- There is at least \$20,000 of assessable income from the business activity for this income year.
- The particular business activity has produced a profit for tax purposes in three out of the past five years, including this year.
- The value of real property assets (excluding any private dwelling) used on a continuing basis in carrying on the business activity is at least \$500,000.
- The value of certain other assets (except cars, motorcycles and similar vehicles) used on a continuing basis in carrying on the business activity is at least \$100,000.

**The Commissioner's discretion**

In limited circumstances the Commissioner can exercise his discretion to allow a loss from a business activity to be claimed in the year it arises, even though none of the four tests is satisfied, provided that:

- the business activity has been affected by special circumstances outside the control of the operators of the business—for example, natural disasters—where the activity would have satisfied one of the four tests but for these special circumstances, or
- the business activity, because of its nature, has a lead time and, for this reason, does not satisfy any of the four tests, but there is an objective expectation that it will eventually do so within a period that is commercially viable for the industry concerned. 'Commercial viability' is measured against independent industry standards.

**You must apply in writing for advice on whether the Commissioner will exercise this discretion.** To do this, obtain and complete the special guide and application for a private ruling (NAT 5806—2.2002). For more details regarding the Commissioner's discretion or any other questions about these rules, phone the Business Infoline on **13 28 66**.

**Deferred non-commercial business loss from a prior year**

If you have a deferred non-commercial business loss from a prior year, you may be able to claim a deduction at item **12** or items **P1** or **P8** in the 2003 *business and professional items schedule*. This deduction may be reduced if:

- you earned net exempt income in 2002–03, or
- you have become bankrupt or are released from any debts by the operation of an Act relating to bankruptcy.

Call the Business Infoline on **13 28 66** for more information. For an explanation of net exempt income, read the information on net exempt income at question **L1** on page 63 of *TaxPack*.

**Completing this question****PART A Deferred non-commercial business losses from partnership activities**

This part only applies to you if you carried on a business in partnership with others. Do not complete this part if you were in a partnership that did not carry on a business.

**Were you a partner in a partnership?**

NO 

Go to part B.

YES 

Read on.

Did you make a net loss from a business activity carried on in partnership with others in 2002–03?

NO Go to part B.

YES Read on.

If you made a net loss from more than one business activity in partnership with others, you will have to answer the questions and follow the steps on this page for each of your business activities.

Does your net loss from that business activity come within the Exception described on page s13?

NO Read below.

YES Go to part B.

Does your net loss from that business activity satisfy one of the four tests listed on page s13?

NO Read below.

YES Go to part B.

Has the Australian Taxation Office (ATO) advised you in writing that the Commissioner will exercise his discretion to allow you to claim a net loss from that business activity for the year?

NO Read below.

YES Go to part B.

**STEP 1** Work out the net loss to be deferred from your business activity that you carried on in partnership with others. If you have a net loss from only one business activity, go to step 3.

**STEP 2** If you have a net loss from more than one business activity that you carried on in partnership with others, add up all the net losses to be deferred.

**STEP 3** Write the total of your net losses to be deferred from business activities you carried on in partnership with others at **F** item 15 on your tax return.

**STEP 4** Check that you have included the amount of your deferred non-commercial business losses in working out your net distribution at item 12 on your tax return; otherwise you will have overstated your taxable income.

**STEP 5** Make sure that you have completed items **P3** and **P9** in the *2003 business and professional items schedule*.

### **PART B** *Deferred non-commercial business losses from sole trader activities*

Did you make a net loss from a business activity as a sole trader in 2002–03?

NO Go to part C.

YES Read below.

If you made a net loss from more than one business activity as a sole trader, you will have to answer the

questions and follow the steps below for each of your business activities.

Does your net loss from your business activity come within the Exception described on page s13?

NO Read below.

YES Go to part C.

Does your business activity satisfy one of the four tests listed on page s13?

NO Read below.

YES Go to part C.

Has the ATO advised you in writing that the Commissioner will exercise his discretion to allow you to claim a net loss in relation to that business activity for the year?

NO Read below.

YES Go to part C.

**STEP 1** Work out the net loss to be deferred from your business activity that you carried on as a sole trader. If you have a loss from only one business activity, go to step 3.

**STEP 2** If you have a net loss from more than one business activity that you carried on as a sole trader, add up all the net losses to be deferred.

**STEP 3** Write the total of your net losses to be deferred from business activities as a sole trader at **G** item 15 on your tax return.

**STEP 4** Check that you have included the amount of your deferred non-commercial business losses in working out your net income or loss at item 13 and/or item 14 on your tax return; otherwise you will have overstated your taxable income.

**STEP 5** Make sure that you have completed items **P3** and **P9** in the *2003 business and professional items schedule*.

### **PART C** *Total deferred non-commercial business losses*

Add up any amounts at **F** and **G** item 15 on your tax return. Write the total at **H** item 15 on your tax return.

#### **NOTE**

At **Business loss activity details** item **P9** in the *2003 business and professional items schedule* you must record the three highest loss-making activities (if applicable), regardless of whether or not your activity:

- comes within the Exception OR
- satisfies one of the four tests OR
- is an activity that the Commissioner has advised he will exercise his discretion to allow the net loss to be claimed this year OR
- is carried on by you in partnership or as a sole trader.

# QUESTION 16

## NET FARM MANAGEMENT DEPOSITS OR WITHDRAWALS

16

INCOME

**This question is for primary producers only.**

**Did you make a deposit into, or withdraw funds from, the Farm Management Deposits Scheme during 2002–03?**

**NO**  Go to question 17.

**YES**  Read below.

### WHAT YOU MAY NEED

- your statement of account from your financial institution for the Farm Management Deposits Scheme
- the publication *Information for primary producers* (NAT 1712—6.2003). This publication is available on the Australian Taxation Office website at [www.ato.gov.au](http://www.ato.gov.au) Or to find out how to get a printed copy, see the inside back cover of *TaxPack*.

### YOU NEED TO KNOW

You can generally claim a deduction for farm management deposits made during 2002–03 at this question.

Any deduction you claim cannot be more than the deposits made or your taxable primary production income for 2002–03, whichever is the lesser. Also, you cannot claim a deduction this year for any deposits made to the Farm Management Deposits Scheme if in 2002–03:

- your non-primary production taxable income was more than \$50,000
- you became bankrupt, or
- you ceased to be a primary producer for at least 120 days—the 120-day period does not have to fall entirely in 2002–03.

The maximum amount that can be held at any one time as farm management deposits is \$300,000.

If you withdraw all or part of a farm management deposit on or after 1 July 2002, generally you cannot claim a deduction for any part of the deposit that is withdrawn within 12 months of the deposit. Where this affects a deduction you claimed in the prior income year, you need to request an amendment of your assessment for that income year. You are still entitled to your deduction for the remaining deposit provided it is not reduced to less than \$1,000 within 12 months of the deposit.

If you operate your primary production business in an area covered by an ‘exceptional circumstances’ declaration made by the Minister of Agriculture, Fisheries and Forestry, you are able to withdraw deposits within 12 months and still retain the tax deduction in the year of income in which the deposit was made. However, the amount of the withdrawal is assessable in the year of the withdrawal and you cannot claim a deduction for any subsequent deposits made in the same income year. You will also need to have an ‘exceptional circumstances certificate’ from the relevant state authority no later than three months after the end of the year of income in which the withdrawal is made.

To find out if your area is currently declared to be in exceptional circumstances, phone the Centrelink Drought Helpline on **13 23 16** or the Commonwealth Regional Information Service on **1800 026 222**. Alternatively, visit the website of the Department of Agriculture, Fisheries and Forestry—Australia at [www.affa.gov.au/droughtassist](http://www.affa.gov.au/droughtassist)

If you need an exceptional circumstances certificate, phone your relevant state authority in:

- the Australian Capital Territory—Environment ACT, Conservation and Land Management on **(02) 6207 2264**
- New South Wales—the Rural Assistance Authority on **1800 678 593**
- Northern Territory—the Department of Business, Industry and Resource Development (Alice Springs branch) on **(08) 8951 8100**
- Queensland—the Rural Adjustment Authority on **1800 623 946**
- South Australia—Rural Finance and Development on **1800 182 235**
- Tasmania—the Regional and Business Development Branch, Department of Primary Industries—Water and Environment on **1300 368 550**

### NOTE

#### Deceased estate

If you are looking after the estate of someone who died in 2002–03, you cannot claim a deduction for any deposits they made in 2002–03. Any farm management deposits held at the time of death become repayable at that time and are assessable income in 2002–03 to the extent they have previously been claimed as a deduction. Deductions in earlier years are not affected even where the person dies within 12 months of making the deposit.

- Victoria—the Rural Finance Corporation Victoria on (03) 9243 2654 or
- Western Australia—the Rural Business Development Corporation, Department of Agriculture on 1800 198 231.

Where you have your farm management deposit electronically transferred to another financial institution which accepts it as a farm management deposit, the transfer is not treated as a withdrawal or the making of another deposit.

Any withdrawals of the deposits are assessable income to the extent they have been previously claimed as a deduction. If your farm management deposit contained both deductible and non-deductible deposits, only the withdrawals of deductible deposits are assessable income. When you make a withdrawal you are considered to have withdrawn any non-deductible amounts first.

If in 2002–03 you became bankrupt or ceased to be a primary producer for at least 120 days, all remaining deposits become repayable to you and are assessable income in 2002–03 to the extent you have previously claimed them as a deduction. Your deductions in earlier years are not affected even where such a repayment is within 12 months of making the deposit.

### Completing this question

Take away the total amount of your deductible deposits from the total amount of your withdrawals that are assessable income and write the answer at **E** item **16**. Do not show cents.

If your deductible deposits exceed your assessable withdrawals write the amount of the excess at **E** item **16** and print **L** in the **LOSS** box  at the right of **E** item **16**.

### CHECK THAT YOU HAVE . . .

- taken the total amount of deductible deposits away from the total amount of assessable withdrawals and written the answer on your tax return
- printed **L** in the **LOSS** box  if your deductible deposits exceed your assessable withdrawals
- kept your statement of account with your other records.



# QUESTION 17 CAPITAL GAINS

17

INCOME

## STOP

### Do not show at this question:

a 'listed investment company (LIC) capital gain amount' included in a dividend paid by a LIC. Refer to question **D7 Interest and dividend deductions**.

## NOTE

If you are an Australian resident, any capital gains (or capital losses) you may have made from foreign sources are shown at this question, not as foreign source income at question **19**. If foreign tax was paid on the foreign capital gain, you need to read Part E in question **19** to work out the amount of foreign tax credits you can claim. You show the foreign tax credits at **Q** item **19**.

## A Did you make a capital gain or capital loss during the year?

You may have made a capital gain or capital loss if what is called a 'CGT event' happened to you in 2002–03. 'CGT' stands for capital gains tax.

You may have also made a capital gain for 2002–03 if you were a beneficiary or had money invested in a trust or managed investment fund in 2002–03 and the trust or fund made a capital gain during the year.

There is a wide range of CGT events. The most common CGT event happens if you sell or give away an asset. Some typical assets are:

- land and buildings—for example, a holiday home
- shares
- units in a unit trust or managed investment fund
- collectables—for example, jewellery
- personal use assets.

Examples of other CGT events:

- An asset you own is lost or destroyed.
- You receive an amount for entering into an agreement—for example, you agree not to work in a particular industry for a set period of time.
- You enter into a conservation covenant over land that you own.
- You receive a non-assessable payment from a trust or company.

If you are unsure whether a CGT event happened to you in 2002–03, you should refer to the Summary of CGT events in the *Guide to capital gains tax* (NAT 4151—6.2003).

For most CGT events you have made a capital gain if the amount of money and property you received—or were entitled to receive—from the CGT event was more than the 'cost base' of the asset. You may have to pay tax on your capital gain.

For most CGT events you have made a capital loss if the amount of money and property you received—or were entitled to receive—from a CGT event was less than the 'reduced cost base' of your asset. You cannot deduct a capital loss from your income, but in most cases it can be used to reduce any capital gain you made in 2002–03—see the note at **Completing this question** step 3 on page s18.

**Completing this question** step 3 on page s18.

Some capital gains and capital losses are disregarded—see **Exceptions and Exemptions** on page s18.

**NO**

Print **X** in the **NO** box at **G** item **17** on your tax return if:

- you did not have a capital gain or capital loss or
- all of your capital gains or losses were disregarded.

Read on as you may have to show net capital losses from prior years.

**YES**

Print **X** in the **YES** box at **G** item **17** on your tax return if you had a capital gain or a capital loss and it was not disregarded. Read on to work out your net capital gain or net capital loss.

## B Did you have a net capital loss before 2002–03 that you have not yet applied to reduce a capital gain?

Net capital losses from prior years can be applied against capital gains for this year. If you did not have a capital gain this year the net capital losses from prior years can be applied to reduce capital gains in later income years.

**NO**

If you answered **NO** to **A** and **B** go to question **18**. Otherwise read on.

**YES**

Read on to work out your net capital gain or capital loss for the year.

## NOTE

If you have no capital gains or capital losses this year but have net capital losses from prior years go to step 4 on the next page.

## YOU NEED TO KNOW

## Exceptions and Exemptions

Generally speaking, you disregard a capital gain or capital loss:

- on an asset you acquired before 20 September 1985
- on cars, motorcycles and similar vehicles
- on compensation you received for personal injury
- on disposing of your main residence. This can change depending on how you came to own the residence, whether the residence is on more than two hectares of land and what you have done with it—for example, if you have rented it out, you may be liable to some tax when you sell it
- on collectables—for example, an antique or jewellery—if you acquired it for \$500 or less
- on a personal use asset—for example, items such as boats, furniture, electrical goods and household items used or kept mainly for personal use or enjoyment—if you acquired it for more than \$10,000 you only disregard capital losses—if you acquired it for \$10,000 or less you can disregard both capital gains and capital losses
- on the exchange of shares and units you own in a company or trust that is taken over if certain conditions are met
- on shares in a company or interests in a trust where there has been a demerger and certain conditions have been met
- on disposing of an asset to which the small business 15-year exemption applies.

## WHAT YOU MAY NEED

- documents showing the dates you acquired any asset to which a capital gains tax (CGT) event happened, the date of the CGT event and, the date and amounts of any expenditure you incurred that form part of the cost base of the asset or are taken into account in working out your capital gain or capital loss
- the publication *Personal investors guide to capital gains tax* (NAT 4152—6.2003) if you have invested in shares, managed investment funds or units in a unit trust
- the publication *Guide to capital gains tax* if you have more complex capital gains tax issues such as the sale of a rental property, collectables (for example, jewellery), or personal use assets (for example, a boat you use for recreation); shares or units acquired from settlement of a marriage breakdown; or where a unit trust is vested
- the publication *Capital gains tax concessions for small business* (NAT 3359—6.2003) if during the year you sold a small business or an asset of a small business.

These publications explain how to work out your capital gains and capital losses and are available on the Australian Taxation Office website at [www.ato.gov.au](http://www.ato.gov.au) To find out how to get a printed copy, see the inside back cover of *TaxPack*.

## Completing this question

**STEP 1** Read the publication that is relevant to your circumstances and work out the amount of your capital gain or capital loss for each CGT event that occurred and the amount of your capital gain from a trust or managed fund for the 2002–03 income year.

**STEP 2** Add up all your capital gains for the 2002–03 income year (except the ones that are disregarded) to work out your total current year capital gains. Do not apply capital losses, the CGT discount or the small business concessions (other than the 15-year exemption). Write this amount at **H** item **17** on your tax return.

**NOTE** You still need to write an amount at either **A** or **V**.

**STEP 3** Work out your net capital gain. This is the amount remaining after applying to your total current year capital gains whichever of the following items are relevant to you (in the order listed):

- capital losses from this year,
- net capital losses from prior years,
- the CGT discount
- the small business 50% active asset reduction, retirement exemption or roll-over.

Write this amount at **A** item **17** on your tax return and go to question **18**. However, if you have a negative amount **do not put anything at A**—go to step 4.

**NOTE** You can only use capital losses from collectables to reduce capital gains from collectables. You must disregard capital losses from personal use assets.

**STEP 4** You have net capital losses that are carried forward to later income years. Write the amount at **V** item **17** on your tax return.

## DON'T LEAVE IT TOO LATE!

Did you:

- purchase or inherit an asset
- receive an asset as part of a divorce settlement or as a gift (or donation)
- make improvements to property
- receive ownership interests under a demerger?

If YES, start keeping records now or start a CGT asset register. Incomplete records could mean paying more tax when you dispose of an asset. If you need more information on record keeping, this is explained in the *Guide to capital gains tax and Taxation Ruling TR2002/10—Income tax: capital gains tax: asset register*.

# QUESTION 18 FOREIGN ENTITIES

18

INCOME

Are you an Australian resident for tax purposes who:

- had either a direct or indirect interest in a controlled foreign company
- at any time, directly or indirectly caused the transfer of property—including money—or services to a non-resident trust
- had, or continues to have, an interest in a foreign investment fund or a foreign life assurance policy?

An interest includes an interest that you know will arise in the future.

NO Go to question 19.

YES Read below.

**PART A** Did you have either a direct or indirect interest in a controlled foreign company (CFC)?

NO Print X in the NO box at **I** item 18 on your tax return. Go to part B.

YES Read below.

## WHAT YOU NEED

*Foreign income return form guide* (NAT 1840—5.1998). This publication is available on the Australian Taxation Office (ATO) website at [www.ato.gov.au](http://www.ato.gov.au) Or to find out how to get a printed copy, see the inside back cover of *TaxPack*.

## YOU NEED TO KNOW

The CFC measures may apply to income or gains of foreign companies in which you have a direct or indirect control interest, or which you effectively control.

**STEP 1** Did you, alone or with associates:

- have direct or indirect control interests totalling 10% or more in a foreign company or
- have effective control of a foreign company?

Chapter 1 of the *Foreign income return form guide* will help you to work this out.

If so, print X in the YES box at **I** item 18 on your tax return. Go to step 2. If not, print X in the NO box at **I**. Go to part B.

**STEP 2** Work out your attributed foreign income from any CFC. Chapter 1 of the *Foreign income return form guide* will help you to work this out. Write this amount at **K** item 18. Do not show cents.

**PART B** Did you, at any time, directly or indirectly cause the transfer of property—including money—or services to a non-resident trust?

NO Print X in the NO box at **W** item 18 on your tax return. Go to part C.

YES Read below.

## WHAT YOU NEED

*Foreign income return form guide* (NAT 1840—5.1998). This publication is available on the ATO website. Or to find out how to get a printed copy, see the inside back cover of *TaxPack*.

## YOU NEED TO KNOW

The transferor trust measures may apply if you have, at any time, directly or indirectly caused the transfer of property—including money—or services to a non-resident trust. A non-resident trust is a trust where the trustee was not an Australian resident, or the trust was not managed or controlled from Australia.

**STEP 1** Print X in the YES box at **W** item 18 on your tax return.

**STEP 2** Work out your attributed foreign income from transferor trusts. Chapter 2 of the *Foreign income return form guide* will help you to do this.

**STEP 3** Write the amount you worked out at step 2 at **B** item 18. Do not show cents.

- STEP 4** Print SCHEDULE OF ADDITIONAL INFORMATION—QUESTION 18 on the top of a separate piece of paper. Include your name, address, tax file number, the name of the non-resident trust and its trustee or trustees and the amount of any attributable income in relation to the trust. Print **X** in the **YES** box at *Taxpayer's declaration* question 2a on page 8 of your tax return. Sign and attach your schedule to page 3 of your tax return.

**PART C Did you have an interest in a foreign investment fund (FIF) or a foreign life assurance policy (FLP)?**

An FIF includes a superannuation fund that is not employer maintained. An FLP is a policy issued by a non-resident insurer.

- NO** Print **X** in the **NO** box at **J** item 18 on your tax return. Go to question 19.
- YES** Read below.

**WHAT YOU NEED** *Foreign investment funds guide* (NAT 2130—6.2003). This publication is available on the Australian Taxation Office website at [www.ato.gov.au](http://www.ato.gov.au) Or to find out how to get a printed copy, see the inside back cover of *TaxPack*.

**YOU NEED TO KNOW** The FIF measures may apply to income and gains of foreign companies or trusts in which you have an interest, but which you do not control.

- STEP 1** Print **X** in the **YES** box at **J** item 18.
- STEP 2** Work out your attributed foreign income from any FIF or FLP. The *Foreign investment funds guide* will help you to do this.
- STEP 3** Write the amount of income you worked out at step 2 at **C** item 18. Do not show cents.
- STEP 4** If you can claim any foreign tax credits in respect of attributed foreign income from an FIF or FLP, you will need to provide additional information. Print SCHEDULE OF ADDITIONAL INFORMATION—QUESTION 18 on the top of a separate piece of paper. Include your name, address, tax file number, the name of the FIF or FLP, the amount of attributable income in relation to the FIF or FLP and any foreign tax credits you can claim in respect of that income. Print **X** in the **YES** box at *Taxpayer's declaration* question 2a on page 8 of your tax return. Sign and attach your schedule to page 3 of your tax return.

**CHECK THAT YOU HAVE . . .**

- written on your tax return your attributed foreign income from any controlled foreign company
- written on your tax return your attributed foreign income from transferor trusts
- written on your tax return your attributed foreign income from any FIF or FLP
- attached to page 3 of your tax return your signed SCHEDULE OF ADDITIONAL INFORMATION—QUESTION 18, if you need to send us one.

# QUESTION 19

## FOREIGN SOURCE INCOME AND FOREIGN ASSETS OR PROPERTY

19

INCOME

### STOP

#### Do not include at this question:

a capital gain or capital loss from foreign sources. Question 17 **Capital gains** deals with these amounts.

#### Did you receive:

- income from a foreign pension or annuity
- income from foreign employment including working overseas, or
- any other foreign source income—for example, interest, dividends, rent, business or a lump sum payment from a non-resident superannuation fund?

NO Read below.

YES Read below.

Show this income even if it is held overseas for you.

#### At any time during 2002–03, did you own or have an interest in assets—located outside Australia—that had a total value of AUD \$50,000 or more?

NO If you answered **NO** to both questions go to question 20. Otherwise, read below.

YES Read below.

### YOU NEED TO KNOW

If you are an Australian resident who has received income from overseas, you must show your assessable foreign income here even if tax was taken out in the country from which the income came. Foreign income that is exempt from Australian tax may still be taken into account to work out the amount of tax you have to pay on your other income.

If you were paid a lump sum payment on termination of your foreign employment or from a non-resident superannuation fund, phone the Superannuation Infoline on **13 10 20** for advice. Some of these payments are taxable. If the payment is not taxable, it may still be taken into account in working out the amount of tax you have to pay on your other income.

All foreign income, deductions and foreign tax paid must be converted to Australian dollars before you fill in the rest of this question. The **Conversion to Australian dollars** table below tells you how to do this. Phone the Personal Tax Infoline (see the inside back cover of *TaxPack*) to get information about the exchange rates.

#### Conversion to Australian dollars

##### Type of foreign income

##### Convert to Australian dollars at:

Foreign pensions, annuities and deductions

the average exchange rate for the year or the rate that applied at the time you received each payment.

Other non-salary and wage foreign income such as dividends or interest

the exchange rate that applied at the time the income was remitted to Australia. If it was not remitted, use the exchange rate that applied on 30 June 2003.

Foreign business income and employment income

the average exchange rate for the year.

### WHAT YOU MAY NEED

- details of any foreign income—this information may be found on pay slips, foreign tax assessments or company distribution advices
- details of any expenses you incurred in earning your foreign income
- details of any foreign tax paid—this information may be found on pay slips, foreign tax assessments or company distribution advices
- notepaper to help you to work out the amounts you need to show on your tax return
- details of any allowable foreign losses from previous years
- the publication *How to claim a foreign tax credit* (NAT 2338—6.2003). This publication is available on the Australian Taxation Office website at [www.ato.gov.au](http://www.ato.gov.au) Or to find out how to get a printed copy, see the inside back cover of *TaxPack*.

- Tax Ruling TR 96/15 (with both the addendum TR96/15A and the erratum TR96/15E)—if you received income from foreign employment, you may need this to work out whether you have been continuously employed if you have taken a break in foreign employment—this is important in working out whether the income is exempt from tax. The ruling can also be found on the Australian Taxation Office website at [www.ato.gov.au](http://www.ato.gov.au) Or to find out how to get a printed copy, see the inside back cover of *TaxPack*.

**NOTE** Throughout this question you will need to work out the assessable and net taxable amounts of your foreign income. While both these amounts will be shown on your tax return, you will only be taxed on your net taxable amount. To assist, divide your notepaper into two columns with the headings 'Assessable amount' and 'Net taxable amount'.

**PART A** *Were you paid a foreign pension or annuity?*

**NO**  Go to part B.

**YES**  Read below.

Most foreign pensions and annuities are taxable in Australia, even if tax has been withheld from your payment by the country that paid you. Examples of pensions and annuities that fall into this category are age and superannuation pensions paid from the United Kingdom, Italy, Germany, the Netherlands and Austria. If you are unsure whether your pension or annuity is taxable, phone the Personal Tax Infoline (see the inside back cover of *TaxPack*).

If the country paying your pension or annuity has taken tax from your payment, and the pension or annuity is also taxable in Australia, you may claim a foreign tax credit at this question where you are not entitled to seek a refund of the foreign tax from the country that paid you. This refund may follow under the terms of an agreement between Australia and that country to prevent double taxation. If you are unsure whether your pension or annuity is subject to an agreement phone the Personal Tax Infoline (see the inside back cover of *TaxPack*).

Alternatively, if your pension or annuity is paid from a country with which Australia has a double tax agreement you may be able to make arrangements to have no tax withheld from your pension income in the country of origin. Phone the Personal Tax Infoline (see the inside back cover of *TaxPack*) for more information.

If, in 2002–03, you received a lump sum payment of your foreign pension that relates to an earlier year, you may be entitled to a tax offset.

If you received such a payment, include it at item 22 on your tax return. Do not include it here. For more information, read the section on **Lump sum payments in arrears** at question 22.

**STEP 1** Find out whether the pension or annuity you received is taxable in Australia. If it is not taxable, go to part B; if it is taxable, read on.

**STEP 2** Work out the assessable amount of your foreign pension or annuity.

**If foreign tax has not been taken from your pension or annuity**

Write the amount of your foreign pension on your notepaper in the column for 'Assessable amount'.

**If foreign tax has been taken from your pension or annuity**

Add back the amount of foreign tax paid to the amount of pension or annuity you received, to find the full amount of your pension or annuity. Write this amount on your notepaper in the column for 'Assessable amount'.

If you are not going to claim a refund of foreign tax from the country which paid your pension or annuity, you will need to claim a foreign tax credit at this question.

**STEP 3** Work out the net taxable amount of your pension or annuity. Take away any deductible expenses which you incurred in relation to your pension or annuity income. The amount remaining is called your net taxable foreign pension or annuity. Write this amount on your notepaper in the column for 'Net taxable amount'.

**NOTE** For 2002–03, debt deductions, such as interest and borrowing costs, are not deductible for the purpose of this calculation. If you have incurred debt deductions in earning your foreign pension or annuity see question **D15**.

If your pension or annuity has a deductible amount of undeducted purchase price, you may be able to reduce the amount of pension or annuity income that you will pay tax on. Read question **D12** for further information.

**STEP 4** If your pension or annuity was your only foreign income, write the amount from step 3 as follows:

- If it **never had an undeducted purchase price (UPP)**, write the amount at **L** item 19. Do not show cents. Print code letter **P** in the **TYPE** box  at the right of **L** item 19. Go to part D.
- If it **has or had a UPP**, write the amount at **D** item 19. Do not show cents. Go to part D.

**STEP 5** If you had other foreign income, on your notepaper list separately the net taxable amounts for pensions and annuities with UPP and those without UPP.

**PART B** *Did you receive:*

- **any foreign employment income while working overseas**
- **a lump sum payment on termination of your foreign employment, or from a non-resident superannuation fund, that is exempt from tax?**

**NO**  Go to part C.

**YES**  Read on.

Foreign employment income is income from working overseas such as salary, wages, commissions, bonuses or allowances. If you received only a lump sum payment on termination of your foreign employment, or from a non-resident superannuation fund, that is exempt from tax, go to step 9 on page s24. Otherwise, read on.

**STEP 1** Find out whether your income is exempt from Australian tax because of:

- a privileges and immunities agreement or a law covering persons connected with international organisations
- exemptions for the pay and allowances of members of the Australian Defence Force.

Your employer should be able to tell you if either of these applies. If you need further help, phone the Personal Tax Infoline (see the inside back cover of *TaxPack*).

If your foreign employment income is exempt because of these reasons, go to step 2. Otherwise, go to step 3.

**STEP 2** Do not include your exempt foreign employment income from step 1 anywhere on your tax return.

If you wrote on your notepaper an amount in the 'Net taxable amount' column for a foreign pension or annuity which never had an undeducted purchase price (UPP), write this amount at **L** item 19. Do not show cents.

Print the code letter **P** in the **TYPE** box  at the right of **L** item 19.

If you wrote on your notepaper an amount in the 'Net taxable amount' column for a foreign pension or annuity which has or had a UPP, write this amount at **D**. Do not show cents. Go to part C.

**STEP 3** Your foreign employment income may still be exempt from tax. Work through the rest of the steps to find out whether your foreign employment income is exempt from tax. Even if it is exempt, it may still be taken into account to work out the amount of tax you have to pay on your other income.

**STEP 4** Work out your assessable foreign employment income. This is your foreign employment income after any taxes taken from it are added back. It does not include any exempt income from step 1. Write this amount on your notepaper in the column for 'Assessable amount'.

**STEP 5** Work out the net taxable amount of your foreign employment income. This is your assessable foreign employment income less any deductible expenses you incurred in relation to earning that income. Write this amount on your notepaper in the column for 'Net taxable amount'.

The types of expenses you may be able to deduct are discussed at questions **D1** to **D5** on pages 38–53 in *TaxPack 2003*.

Note that for 2002–03, debt deductions, such as interest and borrowing costs, are not deductible for the

purpose of this calculation. If you have incurred debt deductions in earning your foreign employment income see question **D15**.

### Example

Lachlan was employed in a foreign country from 15 October 2002 until 23 April 2003. During this period Lachlan earned AUD \$11,250 after he paid AUD \$3,750 in foreign tax and incurred deductible work related expenses of AUD \$2,500 in relation to his foreign employment. After adding back the foreign taxes, Lachlan would have assessable foreign employment income of AUD \$15,000. After deducting his expenses, Lachlan would have net foreign employment income of AUD \$12,500.

**STEP 6** Answer these questions.

- Did you work on a project approved by Austrade?
- Did you pay, or are you likely to have to pay, foreign tax on your foreign employment income?
- Did you receive income that was exempt from tax in the country where you worked because of:
  - a specific agreement or memorandum of understanding with the government of that country and
  - the operation of a double tax agreement?

If you have answered yes to any of these questions, go to step 7. If you have answered no to all of them, go to step 8.

**STEP 7** Work out the period that you were continuously employed in the foreign country.

If you took a break between overseas jobs, read Tax Ruling TR 96/15 (with both the addendum and the erratum) to find out whether you are considered to have been continuously employed. The ruling can be found on the Australian Taxation Office website at [www.ato.gov.au](http://www.ato.gov.au). If you need further help, phone the Personal Tax Infoline (see the inside back cover of *TaxPack*).

If your period of continuous employment in a foreign country is 90 days or less, your foreign employment income is not exempt from tax. If it is more than 90 days, your foreign employment income will generally be exempt from tax. If you are unsure, phone the Personal Tax Infoline (see the inside back cover of *TaxPack*). If your foreign employment income is not exempt from tax, go to step 8. Otherwise, read on.

If you wrote on your notepaper an amount in the 'Net taxable amount' column for a foreign pension or annuity which never had a UPP, write this amount at **L** item 19. Do not show cents. Print the code letter **P** in the **TYPE** box  at the right of **L**.

If you wrote on your notepaper an amount in the 'Net taxable amount' column for a foreign pension or annuity which has or had a UPP, write this amount at **D** item 19. Do not show cents. Go to step 9.

**STEP 8** If you did not receive a foreign pension or annuity, write the amount from the 'Net taxable amount' column on your notepaper at **L** item **19**. Do not show cents. Go to part C.

If you did receive a net taxable foreign pension or annuity, on your notepaper add the amount in the 'Net taxable amount' column for any foreign pension or annuity which never had an undeducted purchase price (UPP) to your net taxable amount for foreign employment income. Write the total at **L** item **19**. Do not show cents. Write the amount of any net taxable foreign pension or annuity which has or had a UPP at **D** item **19**. Do not show cents. Go to part C.

**STEP 9** If you received a lump sum payment on termination of foreign employment, or from a non-resident superannuation fund, that is exempt from tax or you worked out that your net foreign employment income is exempt from tax at step 7, add these amounts and write the total at **N** item **19**. Do not show cents. You cannot claim a foreign tax credit on this income.

If you did not receive either of these exempt lump sum payments, write the amount of your exempt foreign employment income at **N** item **19**. Do not show cents.

If you received either of these exempt lump sum payments but no exempt foreign employment income, write the total amount of the lump sum payments at **N** item **19**. Do not show cents.

**PART C** *Did you receive any of the following types of income from overseas:*

- **interest**
- **modified passive income such as royalties, dividends or rent**
- **a lump sum payment on termination of your foreign employment or from a non-resident superannuation fund that is taxable and not already included at item 4 on your tax return**
- **any other foreign income?**

**NO**  Go to part D.

**YES**  Read below.

Certain lump sum payments received by Australian residents from non-resident superannuation funds are taxable. This can include a direct transfer of benefits from a non-resident superannuation fund to another non-resident superannuation fund **or** the direct transfer of benefits from a non-resident superannuation fund to a superannuation fund in Australia. If you are unsure whether you received such a payment phone the Superannuation Infoline on **13 10 20**.

You will need to work through the following steps for each category of foreign income you received, other than a lump sum payment on termination of foreign employment or from a non-resident superannuation fund. This is

because you can only deduct expenses you incurred in relation to a category of foreign income against foreign income of the same category.

There are four categories of foreign income to consider here:

- interest income
- modified passive income—passive income other than interest
- offshore banking income
- all other assessable foreign income.

**STEP 1** For each category work out the assessable amount of your foreign income. If you had foreign tax taken away from this income, add it back to the amount you received.

Write this amount on your notepaper in the column for 'Assessable amount'.

**STEP 2** Take away from this assessable amount any deductible expenses incurred in relation to earning this category of foreign income.

**NOTE** For 2002–03, debt deductions, such as interest and borrowing costs, are not deductible for the purposes of this calculation unless they are related to income earned through a permanent establishment in an overseas country. If you have incurred debt deductions in earning your foreign income under any of the four categories and the deductions are not attributable to an overseas permanent establishment, see question **D15**.

If you had allowable foreign losses in previous years for this category of income that you have not already offset, also take these away from the assessable amount of income.

Write the amount you have worked out on your notepaper in the column for 'Net taxable amount'.

**STEP 3** Once you have worked through steps 1 and 2 for each category of foreign income you earned, add together any amounts worked out in step 2 which are greater than zero and the taxable amount of any lump sum payment on termination of foreign employment or from a non-resident superannuation fund that has not been included at item 4 on your tax return. Write the total at **M** item **19**. Do not show cents.

### Foreign losses

If, after working through steps 1 and 2, your deductible expenses incurred in relation to a category of foreign income exceed your foreign income for that category, you have made a foreign loss in that category equal to the excess. **You will need to keep a record of any losses you have incurred in each category.** These foreign income losses cannot be deducted from Australian source assessable income and can only be carried forward to offset assessable foreign income in the same category derived in a later income year.



**Example**

After working through steps 1 and 2, Colin had the following:

- foreign interest income AUD \$1,000
- foreign rent income of AUD \$2,000 and expenses (not including any debt deductions) of AUD \$4,000, creating a loss of AUD \$2,000.

He will write \$1,000 at **M** item **19** and will write \$3,000 on his notepaper in the column for 'Assessable amount'. Colin will need to keep a record of the \$2,000 rental loss. This loss can only be used to offset modified passive income (including foreign rental income) derived in later years.

If, after working through steps 1 and 2, you have not made a loss in a particular category of foreign income, then you may choose to use any tax losses of earlier income years incurred in deriving Australian income to offset that foreign income. This is explained further in part G.

**PART D Working out your assessable foreign source income**

Assessable foreign income is the total amount of any foreign income you earned which is not exempt from tax in Australia. If any foreign tax has been paid on this income it should have been added back to get the assessable amount.

Add up all the amounts you wrote on your notepaper under 'Assessable amount'. This is your total assessable foreign income. Write this amount at **E** item **19**. Do not show cents.

**NOTE** Make sure the amount you have shown at **E** is your assessable foreign income—do not include any exempt foreign income.

**PART E Working out your foreign tax credit**

You will not be able to work out your foreign tax credit if you have shown exempt foreign employment income at **N** item **19**.

We will work it out for you.

If this is the case, print SCHEDULE OF ADDITIONAL INFORMATION—QUESTION 19 on the top of a separate piece of paper. Write your name, address, tax file number, each type and amount of foreign income you earned and any foreign tax you paid on that foreign income. Print **X** in the **YES** box at *Taxpayer's declaration* question 2a on page 8 of your tax return. Sign and attach your schedule to page 3 of your tax return.

If you have no exempt foreign employment income, read the publication *How to claim a foreign tax credit*.

Work out the total amount of foreign tax credits you can claim and write the amount at **O** item **19** on your tax return. Show cents.

**PART F At any time during 2002–03, did you own or have an interest in assets located outside Australia that had a total value of AUD \$50,000 or more?**

If your only asset or assets held overseas are covered under question **18**, your answer to this question is **NO**.

**NO**  Print **X** in the **NO** box at **P** item **19** on your tax return. Go to part G.

**YES**  Read below.

Your assets include any interest whether legal or beneficial and whether it was held directly or indirectly through one or more interposed entities.

The term 'assets' includes real property—land—shares in companies or other entities, interests in partnerships or trusts, businesses, debentures, bonds, money or funds held in accounts or by other parties, loans to other parties and deposits. It also includes intangible property such as trademarks, copyrights, patents, debtors or equitable choses in action.

Determine the value of the property, funds, asset or investment by historical cost or market value, whichever is greater. Use the exchange rate at 30 June 2003 to convert the value of the property or funds to Australian dollars or, if the property was disposed of during the year, use the exchange rate at the time of disposal.

Print **X** in the **YES** box at **P** item **19** on your tax return if your overseas assets—tangible or intangible—were valued at AUD \$50,000 or more, even if you did not receive any income from that property or funds this year.

**PART G Australian tax losses of earlier income years**

If you choose to use Australian tax losses of earlier income years to reduce your foreign source income, read question **L1** in *TaxPack 2003* on pages 63–4 and reduce the foreign source income you show at item **19** by the amount of the Australian tax losses of earlier income years you are deducting.

**CHECK THAT YOU HAVE . . .**

- written on your tax return the total amount of your assessable foreign source income, your net taxable foreign employment income, your taxable foreign pension or annuity and the total amount of your other foreign income
- written on your tax return the total amount of your exempt foreign employment income
- written on your tax return the total amount of your foreign tax credits that you can claim
- attached to page 3 of your tax return your signed SCHEDULE OF ADDITIONAL INFORMATION—QUESTION 19, if you need to send us one
- kept your records with your other documents
- inserted code letter **P** in the **TYPE** box  at the right of **L** item **19** if your pension or annuity never had an undeducted purchase price.

# QUESTION 20 RENT

20

INCOME

## STOP

### **Do not show at this question:**

- a deduction for the decline in value of a low-value pool—instead show this at question **D6**
- foreign source rental income—that is, rental income from properties located outside Australia
- expenses incurred in earning rental income from properties located outside Australia.

Question **19 Foreign source income and foreign assets or property** tells you about income such as rent from properties located outside Australia and how to take related expenses into account.

## Did you earn rental income or was your property available for rent?

Show only Australian rental income and expenses at this question.

If you sold your property in 2002–03, capital gains tax may also apply. Check to find out whether question **17** applies to you.

**NO** Go to question **21**.

**YES** Read below.

## WHAT YOU MAY NEED

- details of all rental income earned
- details of interest charged on money you borrowed for the rental property
- details of other expenses relating to your rental property such as advertising for tenants, bank charges, body corporate fees, borrowing expenses, council rates, decline in value of depreciating assets, gardening and lawn mowing, insurance, land tax, pest control, property agent fees or commissions, repairs and maintenance, stationery, telephone, water charges, and travel undertaken to inspect the property or to collect the rent
- details of any capital works expenditure, such as structural improvements, to your rental property
- the publications: *Rental properties* (NAT 1729—6.2003), *Guide to depreciating assets* (NAT 1996—6.2003), *Deductions for prepaid expenses* (NAT 4170—6.2003), and *Taxation Ruling IT 2167—Rental properties*. These publications are available on the Australian Taxation Office website at [www.ato.gov.au](http://www.ato.gov.au) Or to find out how to get a printed copy, see the inside back cover of *TaxPack*.

## YOU NEED TO KNOW

### Rental income

This is the full amount of money you earn when you rent out your property. You must include any bond money retained in place of rent or because of damage to the property requiring repairs. An insurance payout for lost rent or a reimbursement of any rental expenses you claim in 2002–03 or claimed in an earlier year must also be included as income.

### Rental expenses

You can claim expenses relating to your rental property but only for the period your property was rented or available for rent—for example, advertised for rent.

If part of your property is used to earn rent, you can claim expenses relating to that part only. You will need to work out a reasonable basis to apportion the claim.

### Example

Gerard's private residence includes a second storey which he rents out. The second storey takes up 30% of the total floor area of the house. Gerard also shares the laundry with any tenants. The laundry takes up 10% of the total floor area of the house. If half is a reasonable figure for use of the laundry by tenants, Gerard can claim 35% of the expenses for the property—that is,  $30\% + (\frac{1}{2} \times 10\%) = 35\%$ .

*Taxation Ruling IT 2167—Rental properties* will give you more details about apportionment.

If you prepay a rental property expense such as insurance or interest on money borrowed, that covers a period of 12 months or less AND the period ends on or before 30 June 2004, you can claim an immediate deduction. Otherwise, your deduction may have to be spread over two or more years under the prepayment rules if the expense is \$1,000 or more—see *Deductions for prepaid expenses*.

**NOTE Thin capitalisation**

If you are an Australian resident and you (or any associate entities) have certain overseas interests, or you are a foreign resident, the thin capitalisation rules may apply if your debt deductions, such as interest, (combined with those of your associate entities) for 2002–03 are more than \$250,000. More information about thin capitalisation is available on the Australian Taxation Office website at [www.ato.gov.au](http://www.ato.gov.au)

**Co-ownership**

If the title deed shows that you are a part owner of the property, include only your share of the rent and expenses in your tax return. For example, if you own one half of the property, you should show one half of the rent and claim one half of the deductible expenses for the property. *Rental properties* provides further information on how to work out your share of the rent and expenses that you can claim.

**Capital works deductions (special building write-off)**

You may be able to claim a deduction for the construction costs of your property over a 25 or 40-year period—called a capital works deduction.

You qualify for the deduction on your rental property if:

- construction began after 17 July 1985 and the property is used for residential accommodation
- construction began after 19 July 1982 and the property is not used for residential accommodation (for example, a shop), or
- construction began after 21 August 1979, the property is used to provide short-term accommodation for travellers and it meets certain other criteria.

A deduction may also be available for structural improvements made to parts of the property other than the building if work began after 26 February 1992. Examples include sealed driveways, fences and retaining walls.

The deduction does not apply until completion of the construction. The deduction is at the rate of 2.5% or 4% (adjusted for part-year claims) depending on the date the capital works began. *Rental properties* will help you determine if you qualify and the appropriate rate.

**Deductions for decline in value of depreciating assets**

You can claim a deduction for the decline in value of certain fixtures, fittings and other assets (known as depreciating assets) you acquired as part of the purchase of your property or that you subsequently purchased for your property.

**NOTE** 'Decline in value' is the new term for depreciation. 'Depreciating asset' is an asset with a limited effective life which declines in value over that life.

The publications *Guide to depreciating assets* and *Rental properties* will assist you in understanding the rules for working out your deduction for decline in value and other aspects of rental property ownership.

*Guide to depreciating assets* contains details of how to work out deductions for decline in value and balancing adjustments, as well as details of the immediate deductions for assets whose cost (when added to the cost of other substantially identical assets or assets that make up a set) does not exceed \$300. It also explains the low-value pool, to which you can allocate depreciating assets costing less than \$1,000 (low-cost assets) and depreciating assets written down to less than \$1,000 under the diminishing value method (low-value assets).

**NOTE** If you choose the low-value pooling method to calculate the decline in value of low-cost and low-value assets, read question **D6** and claim your low-value pool deduction there.

**Completing this question**

**STEP 1** Write your share of the total amount of gross rent at **P** item **20** on your tax return. Do not show cents.

Write your share of the interest expenses that can be claimed as a deduction at **Q** item **20**. Do not show cents.

Write your share of the capital works deductions that can be claimed as a deduction at **F** item **20**. Do not show cents.

Write your share of the other rental expenses that can be claimed as a deduction (except any low-value pool deduction) at **U** item **20**. Do not show cents.

**STEP 2** Add up the amounts at **Q**, **F** and **U** item **20**. Take away the total from the amount at **P** item **20**. This is your net rent. Write this amount at **Net rent**, item **20**. Do not show cents.

If your expenses are greater than your gross rent, you have made a rental loss. Print **L** in the **LOSS** box  at the right of **Net rent**.

**CHECK THAT YOU HAVE . . .**

- shown on your tax return your gross rent, interest deductions, capital works deductions (special building write-off), other rental deductions and net rent
- shown only rental income and expenses from properties located in Australia
- printed **L** in the **LOSS** box  if your expenses are greater than your gross rent
- kept information to support your claims.

# QUESTION 21

## BONUSES FROM LIFE INSURANCE COMPANIES AND FRIENDLY SOCIETIES

21

INCOME

**Did you receive a bonus because your life insurance policy or friendly society insurance bond matured, was partly or fully surrendered, terminated or forfeited?**

Life insurance policies are issued by life insurance companies and friendly societies.

**NO** Go to question 22.

**YES** Read below.

### YOU NEED TO KNOW

Do not declare as income any life insurance bonuses from policies that:

- you started before 28 August 1982
- matured due to the death of the person insured
- you surrendered due to an accident, illness or other disability of the person insured
- you surrendered due to severe financial hardship, or
- are retirement savings accounts.

If you received any benefits from a friendly society that are bonuses from income bonds these amounts should be included at item **22 Other income**.

If you have received a statement detailing the bonus amount allocated to your continuing life insurance policy or friendly society bond but you have not actually received the bonus or directed how it is to be dealt with—do **not** include the bonus amount as income.

You need to include a bonus amount at this question only where:

- within 10 years from when the policy started, you have actually received the bonus amount or have directed how it is to be dealt with AND
- your life insurance policy or friendly society insurance bond matured, was partly or fully surrendered, terminated or forfeited AND
- the bonus amount is in addition to the capital amount that you have paid to the life insurance company or friendly society.

**Important:** If, during the term of your life insurance policy or friendly society insurance bond you increased the amount of premiums paid into it by more than 25% of the amount of premiums paid in the previous policy year, you may need to include some or all of the bonus amounts you received as income. This is because your policy is taken to start at the beginning of the policy year in which you paid the increased premiums. For more information phone the Personal Tax Infoline (see the inside back cover of *TaxPack*).

You cannot claim a loss if your life insurance policy or friendly society insurance bond matured or was partly or fully surrendered, terminated or forfeited.

### WHAT YOU MAY NEED

- your life insurance policy
- your friendly society policy
- your life insurance bonus advice
- your friendly society bonus advice.

### Completing this question

#### STEP 1 Policy start date

If your policy started on or after 8 December 1983, go to step 2.

If your policy started on or after 28 August 1982 and before 8 December 1983, and you received a bonus amount from this policy, it does not generally need to be included as income on your tax return. If you are not sure if you need to include a life insurance bonus, phone the Personal Tax Infoline (see the inside back cover of *TaxPack*). If you do not need to include your bonus in your income go to question **22**.

- STEP 2** If your policy started on or after 8 December 1983, write at **W** item **21** on your tax return:
- the whole bonus amount you received in 2002–03 if you received it during the first eight years of the policy
  - two-thirds of the bonus amount you received in 2002–03 if you received it during the ninth year of the policy, or
  - one-third of the bonus amount you received in 2002–03 if you received it during the 10th year of the policy.

Do not show cents.

Do not include any bonus amount received after the 10th year of the policy.

**STEP 3 Tax offset**

You will get a tax offset equal to 30% of any bonus amounts included in your income.

Print **A** in the **CLAIM TYPE** box  at the right of **W** item **21** on your tax return and we will work out this tax offset for you.

**CHECK THAT YOU HAVE . . .**

- written on your tax return the correct bonus amount
- kept a copy of your policy document and bonus advice with your other records. Do not attach them to your tax return.

## STOP

### **Do not show at this question:**

- foreign exchange losses
- rental income or losses
- business income or losses
- partnership income or losses
- capital gains or losses.

Other questions deal with these matters.

Refer to the relevant topics in the Index.

## NOTE

'Decline in value' is the new term for depreciation. A 'depreciating asset' is an asset with a limited effective life which declines in value over that life.

## Did you receive any other income?

Other income includes:

- a non-qualifying component of an eligible termination payment (ETP)
  - discounts on shares or rights received under an employee share scheme
  - lump sum payments in arrears
  - foreign exchange gains
  - royalties
  - bonus amounts distributed from friendly society income bonds
  - scholarships, bursaries, grants or other educational awards
  - benefits or prizes from investment-related lotteries
  - income from activities as a special professional—author of a literary, dramatic, musical or artistic work, inventor, performing artist, production associate or active sportsperson.
- An amount you have already included at item **1**, **2**, **12**, **13** or **14** may also have to be shown here as you may be entitled to a concessional rate of tax if you have certain amounts of professional income. You will not be taxed twice on this amount.
- reimbursements of tax-related expenses or election expenses which you have claimed as a deduction, and
  - any assessable balancing adjustment when you stop holding a depreciating asset (for example, from its disposal, loss or destruction), including your car, for which you have claimed a deduction for depreciation or decline in value in previous years.

The Australian Taxation Office (ATO) can help you if you are unsure about what counts as other income.

**NO** Go to **TOTAL SUPPLEMENT INCOME OR LOSS** on page s33.  **YES** Read below.

## YOU NEED TO KNOW

### Non-qualifying component of an ETP

If there is an amount on your ETP payment summary that is called a non-qualifying component of an ETP, it is subject to tax at ordinary rates and must be included at this question.

### Discounts on shares or rights received under an employee share scheme

You may need to include at this question the discounts—the difference between the market and acquisition prices—on shares or rights (including options) that you receive from an employee share scheme, whether issued in Australia or overseas. You can receive a discount on your rights even though their exercise price is the market value of the share at the time the rights were granted.

If your scheme meets certain conditions, the discount is included in a later year of income unless you elect to include the discount in the year the shares or rights were issued. The prospectus for the share scheme or a letter from your employer should advise you of the Australian taxation implications of your employee shares or rights.

For shares or rights, it is important to keep a record of:

- the date they were issued to you and the date you sold them
- the total number you purchased or sold
- the amount you paid or received
- the amount or percentage of the discount you received or other proof of the market price, and
- details of any election you have made to include any discount in the year of issue.

If a relative or other associate has received shares or rights as a result of your involvement in an employee share scheme, phone the Personal Tax Infoline (see the inside back cover of *TaxPack*).

The electronic publication *Employee Share Schemes—answers to frequently asked questions by employees* contains more information about calculating employee share scheme discounts and is available on the ATO website at [www.ato.gov.au](http://www.ato.gov.au)

### Lump sum payments in arrears (LSPA)

These payments relate to an earlier income year or years and should be shown at label **E** on your *PAYG payment summary—individual non business*.

The lump sum payments you received could be one of the following:

- any part of back payments of salary or wages that accrued in a period more than 12 months before the date of payment
- salary or wages that accrued during a period of suspension and were paid to you on resuming duty
- superannuation, repatriation and social welfare pensions, allowances or payments, including those paid by foreign governments
- periodical worker's and accident compensation payments but not payments made to the owner of the policy, or
- Commonwealth education or training payments.

Include any of these payments in the amount you show at this question.

You may get a tax offset on certain lump sum payments received in 2002–03. We will calculate the tax offset for you. Include a statement in your tax return from the person paying the lump sum that shows the amount of the payment in arrears for each income year involved.

If you did not need to lodge a tax return for the two most recent years that the payment relates to, you will need to provide additional information. Print SCHEDULE OF ADDITIONAL INFORMATION—QUESTION 22 on the top of a separate piece of paper and explain your situation. Include your name, address, tax file number and details of what your taxable income—including your lump sum payments in arrears—would have been had you lodged tax returns in those two years. Print **X** in the **YES** box at *Taxpayer's declaration* question 2a on page 8 of your tax return. Sign and attach your schedule to page 3 of your tax return.

### Foreign exchange gains

Unless you carry on a business and have included the foreign exchange gain as assessable income in calculating your business net income or loss for item **14**, the foreign exchange gain must be shown at this question as income if it was of a capital nature, made under an eligible contract and relevantly connected with deriving assessable income. If you have a deductible foreign exchange loss, go to question **D15**.

### Royalties

If you are an Australian resident for tax purposes, include income from any royalties at this question.

### Bonuses from friendly society income bonds

You must include at this question any bonus amounts distributed from a friendly society income bond. Your friendly society income bond distribution statement will advise you of the amount to include.

### Scholarships, bursaries, grants and other educational awards

You do not have to pay tax on some scholarships, bursaries, grants and awards. However, there are many assistance scheme payments that are taxable.

Education benefits provided under a friendly society scholarship plan are assessable income for the student.

If you are not sure about a payment, contact the organisation that paid you. If you then need more information, phone the Personal Tax Infoline (see the inside back cover of *TaxPack*).

Include any income from a scholarship, bursary, grant or other award that you have to pay tax on at this question, unless you have already shown it at item **1**, **2** or **13**, or in calculating your business net income or loss shown at item **14**.

### Benefits or prizes from investment-related lotteries

You must include the value of benefits or prizes you received from an investment-related lottery offered by an investment body such as a bank, building society or credit union. Prizes may include cash, low-interest or interest-free loans, holidays or cars.

Do not include prizes won in ordinary lotteries—for example, lotto draws, caskets and raffles. Do not include prizes won in quiz shows unless you regularly receive appearance fees or game show winnings.

### Income from activities as a special professional

A special professional is an author of a literary, dramatic, musical or artistic work, an inventor, a performing artist, a production associate or an active sportsperson.

As a special professional, you may be entitled to a concessional rate of tax where your taxable income includes certain amounts of professional income which, when added to your other income, moves you into a higher tax bracket.

You are entitled to this concession where:

- you are an Australian resident AND
- you are a special professional AND
- your taxable professional income is at least \$2,500 in the first year that this concession applies.

You will need to read the publication *Income averaging for special professionals* (NAT 2475—6.2003). The publication explains how you work out your taxable professional income. This income needs to be included at this question. This publication is available on the Australian Taxation Office website at [www.ato.gov.au](http://www.ato.gov.au) Or to find out how to get a printed copy, see the inside back cover of *TaxPack*.

### Reimbursements and recoups of tax-related expenses or election expenses which you have claimed as a deduction

If you received a reimbursement or refund in 2002–03 of any tax-related expenses or election expenses which you have claimed, you must include the amount at this question—for example, if you claimed a deduction

for filing fees for an Administrative Appeals Tribunal application in relation to a tax-related matter in 2001–02 and recouped those fees in 2002–03.

### Assessable balancing adjustment

You must include at this question any assessable balancing adjustment when you stop holding a depreciating asset (for example when it is sold, lost or destroyed) for which you have claimed a deduction for depreciation or decline in value in previous years. Refer to page 40 in *TaxPack 2003* to calculate any assessable balancing adjustment in respect of your car for which you have claimed car expenses. Include any assessable balancing adjustment at this question.

### Other income

Other income includes:

- sickness and accident policy payments to you where premiums are deductible and the payment replaces income—for example, income protection policies. Do not include payments made under a policy held by your employer which you have already shown at item **1**, **2** or **13**
- interest from infrastructure borrowings if you intend to claim a tax offset at item **T11**
- interest derived under the land transport facilities tax offset scheme
- a gain on the disposal, or the redemption, of traditional securities
- allowances or payments you received as a member of a local government council that are not already shown at item **1** or **2**.

### Completing this question

**STEP 1** From the table below, work out whether the income you received is a category 1 or category 2 type of income.

#### Types of income

##### Category 1

- reimbursements of tax-related expenses or election expenses
- allowances or payments to members of local councils not shown at item **1** or **2**
- all lump sum payments in arrears (LSPAs), including LSPAs of Commonwealth of Australia government pensions of the type listed at question **6**—but with the following exceptions:
  - LSPAs of Australian pensions and annuities **other than** those of the type listed at question **6**
  - LSPAs of foreign pensions and annuities which have, or have had, an undeducted purchase price.

These exceptions are category 2 income.

##### Category 2

- any income not described in category 1.

In the **Type of income** category boxes at item **22** on your tax return print a description of the income you received in either or both categories.

If you received more than one type of either category of income, you will need to provide full details. Print **ADDITIONAL INFORMATION** in the relevant **Type of income** category box. Print **SCHEDULE OF ADDITIONAL INFORMATION—QUESTION 22** on the top of a separate piece of paper. Include your name, address and tax file number. Show each type and amount of income you received within the category. Print **X** in the **YES** box at *Taxpayer's declaration* question 2a on page 8 of your tax return. Sign and attach your schedule to page 3 of your tax return.

**STEP 2** If you received lump sum payments in arrears, write the amount of any tax withheld from these payments at **E** item **22** on your tax return. Do not show any tax withheld included elsewhere on your tax return.

**STEP 3** If you are a special professional, write any taxable professional income you received at **Z** item **22** on your tax return. Do not show cents. We take this amount into account for income averaging.

**STEP 4** Add up all your category 1 income.

**STEP 5** Write the total at **Y** item **22** on your tax return. Do not show cents.

**STEP 6** Add up all your category 2 income, including the amount you wrote at **Z** unless you have already counted it in your answer to question **1**, **2**, **12**, **13** or **14**.

**STEP 7** Write this total at **V** item **22** on your tax return. Do not show cents.

#### CHECK THAT YOU HAVE . . .

- printed on your tax return your type of income
- written on your tax return your tax withheld from lump sum payments in arrears
- written on your tax return your taxable professional income
- written on your tax return the total of your other income
- attached to page 3 of your tax return your signed **SCHEDULE OF ADDITIONAL INFORMATION—QUESTION 22**, if you need to send us one.



# TOTAL SUPPLEMENT INCOME OR LOSS

- STEP 1** Add up all the income amounts in the right-hand column of items **12** to **22** on your tax return (supplementary section). Include any deferred non-commercial business losses added back at item **15**.
- STEP 2** Add up all the loss amounts—if any—in the right-hand column of items **12, 13, 14, 16** and **20**.
- STEP 3** Take away the amount you worked out at step 2 from the total income amount you worked out at step 1. Your answer is your total income or loss.
- STEP 4** Write your answer from step 3 at **TOTAL SUPPLEMENT INCOME OR LOSS** on page 11 of your tax return. Do not show cents.
- If you made an overall loss, print **L** in the **LOSS** box  at the right of **TOTAL SUPPLEMENT INCOME OR LOSS**.
- STEP 5** Transfer the amount you wrote at **TOTAL SUPPLEMENT INCOME OR LOSS** to **I** on page 2 of your tax return. If the amount was a loss, print **L** in the **LOSS** box  at the right of the amount.
- STEP 6** Go to page 35 in *TaxPack 2003* to calculate your **TOTAL INCOME OR LOSS**—then work through the Deductions section, starting on page 36 in *TaxPack 2003*.

# DEDUCTIONS

## QUESTION D11 AUSTRALIAN FILM INDUSTRY INCENTIVES

D11

DEDUCTIONS

### Are you entitled to a deduction for investing in the Australian film industry?

You cannot claim the cost of cinema tickets or expenses associated with attending a film festival as an Australian film industry incentive!

NO Go to question D12.

YES Read below.

#### WHAT YOU NEED

You need to read the publication *Australian film industry incentives* (NAT 0954—6.2003) before you can answer this question. This publication is available on the Australian Taxation Office website at [www.ato.gov.au](http://www.ato.gov.au) Or to find out how to get a printed copy, see the inside back cover of *TaxPack*.

#### YOU NEED TO KNOW

- You must be a resident of Australia for tax purposes to qualify for this deduction.
- You cannot claim a deduction for investing in the Australian film industry unless you have invested in a film that has a certificate from the Minister for Communications, Information Technology and the Arts, stating that it is a qualifying film.

#### Completing this question

**STEP 1** Work out the amount you can claim using the publication *Australian film industry incentives*.

**STEP 2** Write the amount you can claim at **G** item **D11** on your tax return. Do not show cents.

#### CHECK THAT YOU HAVE . . .

- kept a record of the provisional certificate number and the date that it was issued or, if the film has been completed, the final certificate number and the date that it was issued
- kept a record of the certificate number with your other tax records. Do **not** attach it to your tax return.

# QUESTION D12

## DEDUCTIBLE AMOUNT OF UPP OF A FOREIGN PENSION OR ANNUITY

D12

DEDUCTIONS

**Did you receive a foreign pension or annuity which has a deductible amount of undeducted purchase price (UPP)?**

**NO**  Go to question **D13**.

**YES**  Read below.

### YOU NEED TO KNOW

#### CAUTION

If you are claiming a deduction at this question check that you have shown your net foreign pension or annuity income at **D** item **19 Foreign source income and foreign assets or property** on your tax return.

### Undeducted purchase price (UPP) of a foreign pension or annuity

If you showed income from a foreign pension or annuity at **D** item **19** on your tax return, you may be able to reduce the taxable amount of pension or annuity income if your pension or annuity has a UPP. Only some foreign pensions and annuities have a UPP.

The UPP is the amount you contributed towards the purchase price of your pension or annuity—your personal contributions.

That part of your annual pension or annuity income which represents a return to you of your personal contributions is free from tax. This tax-free portion is called the deductible amount, and it is calculated by dividing the UPP of your pension by a life expectancy factor that applies to you, according to life expectancy statistics.

If you already know your deductible amount, go to **Completing this question**.

#### British pensions

If you received a Category A pension or a Category B widow's pension from the British National Insurance Scheme (BNIS), you are entitled to a UPP deduction. BNIS pensions are paid from Newcastle-upon-Tyne.

One method of calculating your deduction is to multiply your BNIS pension (in Australian dollars) by 8%. This method is accepted by the Commissioner of Taxation and generally results in the maximum deduction you are entitled to. However, there is another method—the exact method. If you wish to find out about this method or you receive another type of British pension and are not sure about a UPP entitlement, phone the Superannuation Infoline on **13 10 20**.

#### Dutch pensions

If you received an old age pension, or a widow's, widower's or orphan's pension from the Sociale Verzekeringsbank (SVB) under the Netherlands social insurance system and you can obtain all the necessary information to determine your UPP, claim the amount you have worked out. If you cannot, you can claim an annual UPP deduction equal to 25% of your gross pension payment.

#### Italian pensions

If you received an Italian pension, the Italian authorities will send you an Article 17 letter each year giving you an estimate of the amount of pension income you will receive, and the amount that you contributed towards your pension. If you are unable to work out your UPP deduction, attach a photocopy (front and back) of your 2002 AND 2003 Article 17 letters to page 3 of your tax return. Print **X** in the **YES** box at *Taxpayer's declaration* question 2a on page 8. The Australian Taxation Office (ATO) will calculate your UPP deduction for you.

#### Austrian pensions

If you received an age, premature age, invalid, disability, widowed person's or orphan's pension paid by an Austrian superannuation insurance fund under one of the Austrian social insurance Acts (Allgemeines Sozialversicherungsgesetz (ASVG), Gewerbliches Sozialversicherungsgesetz (GSVG) or Bauern-Sozialversicherungsgesetz (BSVG)), you are entitled to a UPP deduction.

#### NOTE

If you:

- receive a pension from another country
- do not know the deductible amount, or
- do not know if your pension or annuity has a UPP

phone the Superannuation Infoline on **13 10 20**.

Where you have evidence of actual contributions, actual monthly salary or have received from the Austrian superannuation insurance fund a list of your insurance periods, attach a photocopy of the evidence to page 3 of your tax return. Print **X** in the **YES** box at *Taxpayer's declaration* question 2a on page 8. The ATO will calculate your UPP deduction for you.

### Completing this question

Write the deductible amount of your UPP at **Y** item **D12** on your tax return. Do not show cents.

# QUESTION D13 NON-EMPLOYER SPONSORED SUPERANNUATION CONTRIBUTIONS

D13

DEDUCTIONS

## DEFINITION

Assessable income is the amount you wrote at **TOTAL INCOME OR LOSS** on page 2 of your tax return unless:

- you have a distribution from a partnership or trust, income or losses from rent or business (including personal services income), capital gains or losses or foreign source income or
- you claimed a deductible amount for an annuity at item **D9 Deductible amount of undeducted purchase price (UPP) of an Australian pension or annuity** or **D12 Deductible amount of undeducted purchase price of a foreign pension or annuity** on your tax return.

If one or more of these applied to you, phone the Superannuation Infoline on **13 10 20** for help in working out your assessable income.

## Are you entitled to claim a deduction for your personal superannuation contributions?

You may be able to claim a deduction for contributions you made to a complying superannuation fund or retirement savings account (RSA) in 2002–03 if:

- you have written to your fund or RSA provider and advised them of the amount you intend to claim as a deduction AND
- your fund or RSA provider has provided you with a **written acknowledgment** of your letter and agreed in writing to the amount you intend to claim as a deduction AND
- you answer **YES** to any of the questions below:
  - Were you fully self-employed and not working under contract principally for your labour?
  - Were you partly self-employed but none of the people you worked for was required to provide superannuation support for you or pay the Superannuation Guarantee charge?
  - Were you partly self-employed but your income (including exempt income) plus your total reportable fringe benefits amounts (shown at item **9** on your tax return) from the people who provided your superannuation support—or were required to pay the Superannuation Guarantee charge—was less than 10% of the sum of your total assessable income (see the definition on this page) and total reportable fringe benefits amounts?
  - Were you employed but without any superannuation support—for example:
    - for the whole year, your work was wholly or principally of a private or domestic nature, and you worked for no more than 30 hours in any week in the year
    - you were under 18 years of age and worked part-time—30 hours or less per week—for the whole year
    - you received less than \$450 in every calendar month of 2002–03?

**NO**  Go to question **D14**. You may be able to claim the Superannuation tax offset. Make sure you read page 82 in *TaxPack 2003*.

**YES**  Read below.

## YOU NEED TO KNOW

The deduction you claim can only reduce your otherwise taxable income to nil. It cannot add to or create a loss.

If you reached 70 years of age during 2002–03 the deduction is limited to contributions made on or before the 28th day of the month following your 70th birthday.

Only complete this question if your superannuation fund or RSA provider has agreed in writing to the amount you intend to claim as a deduction.

If the amount of the deduction you can claim changes after completing this question, notify your superannuation fund or RSA provider.

**STEP 1** Did you reach 70 years of age during the year? If no, go to step 2. Otherwise, read on. Add up your 2002–03 contributions you made on or before the 28th day of the month following your 70th birthday and if the total is more than \$5,000, go to step 3. If it is \$5,000 or less, write the amount at **H** item **D13** on your tax return. Do not show cents. Go to step 4.

**STEP 2** Add up your 2002–03 contributions and if the total is more than \$5,000, go to step 3. If it is \$5,000 or less, write the amount at **H** item **D13** on your tax return. Do not show cents. Go to step 4.

- STEP 3** If your contributions total more than \$5,000, you can claim the **lesser** of:
- \$5,000 plus 75% of your contributions over \$5,000 OR
  - your age-based deduction limit. Your deduction claim is limited by your age when you made your last contribution for the year. If you were under 35 at that time, your deduction limit is \$12,651; 35 to 49, \$35,138; 50 to 70, \$87,141.

Write this amount at **H** item **D13** on your tax return. Do not show cents.

- STEP 4** Print the full name of your fund or retirement savings account (RSA) provider, either the Australian business number (ABN) or tax file number (TFN) of your fund or RSA provider and your **Account number** in the boxes at item **D13** on your tax return. Remember, your fund or RSA provider must have agreed to the amount that you claim.

If you contributed to more than one fund or retirement savings account (RSA), print ADDITIONAL INFORMATION in the **Full name of fund** box. In the boxes at item **D13** for **Fund ABN** or **Fund TFN** and **Account number**, provide details of the superannuation fund or RSA provider to which you made the largest contribution and from which you have received an agreement letter.

Add up the amounts being claimed as a deduction. Write your answer at **H** item **D13**.

On a separate piece of paper print SCHEDULE OF ADDITIONAL INFORMATION—QUESTION D13. Include your name, address and tax file number. For each superannuation fund or RSA provider from which you have received an agreement letter, provide the full name of that fund or RSA provider, the fund ABN or TFN of that fund or RSA provider, your account number and the amount that you are claiming as a deduction.

Print **X** in the **YES** box at *Taxpayer's declaration* question 2a on page 8 of your tax return. Sign and attach your schedule to page 3 of your tax return.

If you need more information, phone the Superannuation Infoline on **13 10 20**.

#### CHECK THAT YOU HAVE . . .

- kept your written agreement from your fund(s) or RSA provider(s). The Australian Taxation Office may ask to see this notice
- not exceeded the limits in step 1, 2 or 3, whichever applies
- attached to page 3 of your tax return your signed SCHEDULE OF ADDITIONAL INFORMATION—QUESTION D13, if you need to send us one.

# QUESTION D14

## DEDUCTION FOR PROJECT POOL

D14

DEDUCTIONS

### STOP

#### Do not show at this question:

any amounts directly connected to a project you carry on in a business. Show the amounts at **Q** item **P8 Reconciliation items** on the 2003 business and professional items schedule.

### NOTE

A 'depreciating asset' is an asset with a limited effective life which declines in value over that life.

### NOTE

If you are unsure if the capital expenditure you incurred qualifies as a project amount, refer to the publication *Guide to depreciating assets* (NAT 1996–6.2003). This publication is available on the Australian Taxation Office website at [www.ato.gov.au](http://www.ato.gov.au) Or to find out how to get a printed copy, see the inside back cover of *TaxPack*.

### NOTE

If in 2002–03 you recouped any of the expenditure allocated to the project pool, the amount recouped is assessable income and must be shown at question 22.

### Did you have capital expenditure directly connected with a project?

You cannot claim a deduction at this question for private or domestic expenditure, such as the cost of constructing a driveway at your home.

You may be able to claim a deduction at this question for certain capital expenditure allocated to a project pool for a project which you either:

- carried on in 2002–03 to produce assessable income—but NOT carried on in a business or
- proposed to carry on to earn assessable income but the project never began and was abandoned in 2002–03—for example, unsuccessful feasibility studies.

NO

Go to question D15.

YES

Read below.

### YOU NEED TO KNOW

Certain capital expenditure you incurred after 30 June 2001 which is directly connected with a project that you carry on, or propose to carry on, to gain assessable income, can be written off over the life of the project using a pool. You may have more than one project pool. The expenditure must not be otherwise deductible or form part of the cost of a depreciating asset.

Such capital expenditure—known as a 'project amount'—is expenditure incurred on:

- creating or upgrading community infrastructure associated with the project—this expenditure must be paid (not just incurred) to be a project amount
- site preparation for depreciating assets (other than to drain swamps or low-lying land or to clear land for horticultural plants and grapevines)
- feasibility studies or environmental assessments for the project
- obtaining information associated with the project
- seeking to obtain a right to intellectual property
- ornamental trees or shrubs.

Project amounts incurred are allocated to what is known as a 'project pool'. If you began to operate a project to produce assessable income in 2002–03, your deduction for a project pool starts in 2002–03. The deduction is worked out on the value of the project pool at the end of 2002–03. Read the example below then use the WORKSHEET to calculate your deduction.

### Example

Before John constructs a building, he undertakes an environmental assessment at a cost of \$30,000. Construction of the building is completed on 17 August 2002 and John starts renting out the building from that date. He expects that the building will produce rental income for the next 35 years so this is the life of the project. John began to operate the project in the 2002–03 income year as that is when he started renting out the building. This means that he can start to deduct the amount paid for the environmental assessment in the 2002–03 income year.

### WORKSHEET

	John	You
Value of project pool at 30 June 2003. This is the closing pool value for the 2001–02 income year (if any) plus the sum of the project amounts you allocated to the pool in 2002–03.	(a) \$30,000	\$
Your estimate of the life of the project (in years)	(b) 35 years	
Divide (a) by (b).	(c) \$857	\$
Multiply (c) by 150%—this is your 2002–03 deduction for project pool.	(d) \$1,286	\$

NOTE: Your deduction at (d) must not be more than the amount at (a). If a project operated in 2002–03 for purposes other than earning assessable income, your deduction at (d) must be reduced by a reasonable amount for the extent to which the project operated for such purposes.

**Closing pool value for 2002–03**

This is amount (a) less amount (d) in the WORKSHEET. You will need the closing pool value for 2002–03 to work out your deduction for project pool next year.

**Where a project is abandoned, sold or otherwise disposed of in 2002–03**

In this case—whether or not the project had begun to operate—you can claim a deduction for the value of the project pool at that time. Any proceeds from the abandonment, sale or disposal of the project must be shown as assessable income at question 22.

**Completing this question**

Work out your project pool deduction and write the amount at **D** item **D14** on your tax return. Do not show cents.

# QUESTION D15 OTHER DEDUCTIONS

D15

DEDUCTIONS

## STOP

### Do not show at this question:

- expenses relating to your work as an employee
- expenses relating to income from carrying on a business (including personal services income)
- expenses relating to investment planning and advice involving shares, unit trusts and interest bearing deposits
- debits tax charged on your bank, building society or credit union account.

Other questions deal with these matters.

Refer to the relevant topics in the Index.

**NO**  Go to **TOTAL SUPPLEMENT DEDUCTIONS** on page s42.

**YES**  Read below.

## YOU NEED TO KNOW

### Expenses which you may be entitled to claim at this question include:

- election expenses for local, territory, state or Commonwealth candidates
- deductible expenses incurred but not claimed in full prior to ceasing a primary production business where a balance is claimable in a subsequent year(s)—for example, water conservation expenditure, which is allowable as a deduction over a three-year period
- non-capital losses incurred upon the disposal or redemption of a traditional security which are deductible under section 70B of the *Income Tax Assessment Act 1936* (ITAA 1936)
- sickness and accident insurance premiums
- foreign exchange losses
- interest incurred on money borrowed to invest under the land transport facilities tax offset scheme or infrastructure borrowings scheme
- debt deductions incurred in earning certain foreign exempt income that are not disallowed under the thin capitalisation rules
- debt deductions incurred in earning assessable income that are not disallowed under the thin capitalisation rules and have not been claimed elsewhere
- amounts deductible under section 40-880 of the ITAA 1936 (five-year write-off for certain business-related capital expenditure incurred after 30 June 2001) not claimed in full before you cease business or before you stop carrying on your business as an individual (for example, if you start to carry on your business through a company or in partnership), and
- Simplified Tax System (STS) pool deductions (where you allocated depreciating assets to an STS pool in a prior year) which you can continue to claim under the STS rules when you no longer carry on any business during 2002–03.

### Election expenses

Election expenses include candidate's costs of contesting an election at local, territory, state and Federal levels of government. A deduction for local government body election expenses cannot exceed \$1,000 for each election contested even if the expenditure is incurred in more than one year of income. Entertainment expenses only qualify as deductible election expenses in very restricted circumstances. For more information about deductions for election expenses see *Taxation Ruling TR 1999/10—Income tax and fringe benefits tax: Members of Parliament—allowances, reimbursements, donations and gifts, benefits, deductions and recoupments* and *Taxation Ruling IT 2258—Election expenses: deductibility of expenditure incurred and effect of public funding of elections*. These publications are available on the Australian Taxation Office website at [www.ato.gov.au](http://www.ato.gov.au) Or to find out how to get a printed copy, see the inside back cover of *TaxPack*.

### NOTE

A reimbursement or refund in 2002–03 of any election expenses which you have claimed as a deduction in 2002–03 or a previous year must be shown as income at item **22** on your tax return (supplementary section)

### Sickness and accident insurance premiums

You can claim the cost of any annual premiums you incur for insurance against the loss of your income. You must include any payment you received under the policy for loss of your income at item **22** on your tax return.



You cannot claim a deduction for a premium or any part of a premium which you paid under a policy to compensate you for such things as physical injury. If it cannot be determined which part of the premium is paid for insurance against the loss of your income, then you cannot claim any deduction for the premium.

### Foreign exchange losses

A foreign exchange loss may be claimed at this question if it is of a capital nature and satisfies the requirements of sections 82U(2) and 82Z of the *Income Tax Assessment Act 1936*. Show any assessable foreign exchange gain at item **22** on your tax return.

### Debt deductions

A debt deduction is, broadly, an expense incurred in obtaining or maintaining a loan or other form of debt finance. Examples include interest, establishment fees, legal costs for preparing loan documents and fees charged by lending institutions for drawing on a loan facility.

You can claim debt deductions incurred in earning certain types of foreign exempt income that are payments out of attributed income and attributed foreign investment fund income under section 25-90 of the *Income Tax Assessment Act 1997* (ITAA 1997).

Debt deductions incurred in earning assessable income (for example, foreign source income that has been included at item **19** on your tax return) may be claimed at this question, if they have not been claimed elsewhere on your tax return.

You are not allowed to claim debt deductions disallowed under the thin capitalisation rules. If you are an Australian resident and you (or any associate entities) have certain overseas interests, or you are a foreign resident, the thin capitalisation rules may apply if your debt deductions, such as interest (combined with those of your associate entities) for 2002–03 are more than \$250,000. More information about thin capitalisation is available on the Australian Taxation Office website at [www.ato.gov.au](http://www.ato.gov.au)

### Section 40-880 deductions

This section allows you to claim a deduction for certain business-related capital expenditure over five income years. Capital expenditure which you may be able to deduct includes costs to stop carrying on your business and the costs of converting your business structure to another structure (for example, the cost of transferring the business assets to a partnership through which you now carry on your business).

For more information about section 40-880 deductions see the *Guide to depreciating assets* (NAT 1996–6.2003).

Make your claim for amounts deductible under section 40-880 at this question if, for 2002–03, you have ceased business or you have stopped carrying on your business as an individual (for example, if you start to carry on your business through a company or in partnership).

### Simplified Tax System (STS)

If you have STS pool deductions in 2002–03 (for depreciating assets allocated to an STS pool in a prior year) and cannot make a claim at item **P8** in the *2003 business and professional items schedule* (NAT 2816–6.2003) because you did not carry on business in 2002–03, you should claim the deductions at this question. For further information, refer to *The Simplified Tax System: A guide for tax agents and small businesses* (NAT 6459–6.2002).

### Completing this question

**STEP 1** If you did not have election expenses go to step 2. Otherwise, read on.

Add up all your allowable election expenses. Write the total amount at **E** item **D15** on your tax return. Do not show cents.

**STEP 2** Print the type of expense you are claiming in the **Description of claim** box at item **D15**.

If you are claiming for more than one type of expense, print ADDITIONAL INFORMATION in the **Description of claim** box. On a separate piece of paper, print SCHEDULE OF ADDITIONAL INFORMATION—QUESTION D15. Include your name, address and tax file number. Show the type and amount of each expense you are claiming. Print **X** in the **YES** box at *Taxpayer's declaration* question 2a on page 8 of your tax return. Sign and attach your schedule to page 3 of your tax return.

**STEP 3** Add up all the other expenses that you are claiming at this question—excluding election expenses.

**STEP 4** Write the amount from step 3 at **J** item **D15**. Do not show cents.

### CHECK THAT YOU HAVE . . .

- written on your tax return the total amount of your allowable election expenses
- printed on your tax return the type of expense you are claiming
- written on your tax return the total amount of all other expenses you are claiming
- attached to page 3 of your tax return your signed SCHEDULE OF ADDITIONAL INFORMATION—QUESTION D15, if you need to send us one.

# TOTAL SUPPLEMENT DEDUCTIONS

Did you claim any deductions at questions D11 to D15?

NO Go to step 4.

YES Go to step 1.

- STEP 1** Add up all the deduction amounts in the right-hand column of items **D11** to **D15** on your tax return (supplementary section).
- STEP 2** Write the amount from step 1 at **TOTAL SUPPLEMENT DEDUCTIONS** on page 11 of your tax return. Do not show cents.
- STEP 3** Transfer the amount you wrote at **TOTAL SUPPLEMENT DEDUCTIONS** to **D** on page 3 of your tax return.
- STEP 4** Go to page 62 in *TaxPack 2003* to calculate your total deductions. Then work through the Losses section starting on page 63 in *TaxPack 2003*.

# TAX OFFSETS

## QUESTION T6 SUPERANNUATION CONTRIBUTIONS ON BEHALF OF YOUR SPOUSE

T6

TAX OFFSETS

### Did you make contributions to a complying superannuation fund or a retirement savings account (RSA) on behalf of your 'non-working' or 'low income-earning' spouse, married or de facto?

An RSA is an account offered by banks, building societies, credit unions, life insurance companies and prescribed financial institutions. It is used for retirement savings and is similar to a superannuation fund.

**NO**  Go to question T7.

**YES**  You may be eligible for a tax offset. Read below.

#### YOU NEED TO KNOW

##### NOTE

If you had more than one spouse during the income year and you satisfy the conditions for the tax offset in relation to more than one spouse, the tax offset is the lesser of the sum of the tax offset entitlements for each spouse, or \$540.

A tax offset of up to \$540 per annum is available where:

- the contributions were not deductible to you AND
- both you and your spouse were Australian residents when the contributions were made AND
- at the time of making the contributions you and your spouse were not living separately and apart on a permanent basis AND
- the sum of your spouse's assessable income and total reportable fringe benefits amounts was less than \$13,800.

For the purposes of this question, your spouse's assessable income is the amount your spouse wrote at **TOTAL INCOME OR LOSS** on page 2 of their tax return, unless:

- they had a distribution from a partnership or trust, income or losses from rent or business (including personal services income), a capital gain or foreign source income, or
- they claimed a deductible amount for a pension or annuity at item **D9** or **D12** on their tax return.

If either of these applied to your spouse, phone the Superannuation Infoline on **13 10 20** for help in working out your spouse's assessable income before completing this question.

Your spouse's reportable fringe benefits amounts are recorded on their payment summaries.

The tax offset is calculated as 18% of the lesser of:

- (a) \$3,000, reduced by \$1 for every \$1 that the sum of your spouse's assessable income and total reportable fringe benefits amounts for the year was more than \$10,800, or
- (b) the total of your contributions for your spouse for the year.

#### Completing this question

**STEP 1** Write the total of the contributions at **Contributions paid** item **T6** on your tax return.

**STEP 2** If the sum of your spouse's assessable income and total reportable fringe benefits amounts is \$10,800 or less, use WORKSHEET 1.

If the sum of your spouse's assessable income and total reportable fringe benefits amounts is more than \$10,800 but less than \$13,800, use WORKSHEET 2.

#### WORKSHEET 1

Maximum spouse contributions eligible for the tax offset	(a)	\$3,000
Amount of contributions paid	(b)	\$
Write the lesser of (a) or (b).	(c)	\$
Multiply (c) by 18 and divide by 100.	(d)	\$

## WORKSHEET 2

Maximum spouse contributions eligible for the tax offset	(a)	\$3,000
The sum of your spouse's assessable income and total reportable fringe benefits amounts	(b)	\$
Base amount	(c)	\$10,800
Take (c) away from (b).	(d)	\$
Take (d) away from (a).	(e)	\$
Amount of contributions paid	(f)	\$
Write the lesser of (e) or (f).	(g)	\$
Multiply (g) by 18 and divide by 100.	(h)	\$

**STEP 3** The tax offset is the amount shown at (d) on WORKSHEET 1 or (h) on WORKSHEET 2. Write this amount at **A** item **T6** on your tax return. Do not show cents.

**STEP 4** Make sure you have provided your spouse's full name on page 1 of your tax return. Then complete **Spouse details—married or de facto** on pages 6–7 of your tax return. Include your spouse's taxable income at **O** and your spouse's total reportable fringe benefits amounts at **S**.

**NOTE** To work out your entitlement to this tax offset you would have used your spouse's assessable income and reportable fringe benefits. However, because the Australian Taxation Office uses taxable income to calculate many other entitlements, for ease of completion we ask you to record your spouse's taxable income (not assessable income) at **Spouse details—married or de facto**.

# QUESTION T7 ZONE OR OVERSEAS FORCES

T7

## Are you entitled to claim a zone tax offset or an overseas forces tax offset?

You may be able to claim a tax offset if you:

- lived or worked in a remote or isolated area of Australia, not including an offshore oil or gas rig, or
- served overseas as a member of Australia's Defence Force or a United Nations armed force.

**NO**  Go to question T8.

**YES**  Read below.

### YOU NEED TO KNOW

Remote areas are called zone A and zone B. There are also special areas within these zones.

See the side note if you do not know your zone.

### NOTE

The boundaries used to determine the zones have not changed from last year. However, within those boundaries some new places may have been identified.

A list of selected locations within the zones and special areas is shown on page s51.

To find out if a location is in a zone or special area you can claim for, or whether an overseas locality qualifies for the overseas forces tax offset, visit the Australian Taxation Office website at [www.ato.gov.au](http://www.ato.gov.au) or phone the Personal Tax Infoline (see the inside back cover of *TaxPack*).

### Conditions you need to meet to qualify for a zone tax offset

To qualify for the tax offset you must have lived or worked in a remote area—not necessarily continuously—for:

- 183 days or more during 2002–03, or
- 183 days or more during the period 1 July 2001 to 30 June 2003—including at least one day in this income year—and you did not claim a zone tax offset in your 2002 tax return.

If you lived in a zone for less than 183 days in 2002–03, you may still be able to claim a tax offset as long as you lived in a zone for a continuous period of less than five years after 1 July 1997 and:

- you were unable to claim in the first year because you were there less than 183 days, and
- the total of the days you were there in the first year and in 2002–03 was 183 or more.

### Example

Gary lived in a remote area from 1 March 1998 to 30 September 2002, a continuous period of less than five years. He couldn't claim a zone tax offset for the first year because he lived there for only 122 days. However, he could carry forward these unused days to 2002–03. He now adds the number of days from 1 March 1998 to 30 June 1998 (122) and the number of days from 1 July 2002 to 30 September 2002 (92). As the total (214) is 183 or more days over the two income years, Gary can claim the tax offset on his 2002–03 tax return.

### HOW TO CLAIM YOUR ZONE TAX OFFSET

If:

- you lived or worked in only one zone for at least 183 days, as defined above
- you are not eligible to claim any tax offsets at question T9 (parent, spouse's parent or invalid relative tax offset)
- you did not claim a tax offset at part 2 or 3 of question T1 (child-housekeeper or housekeeper tax offset), and
- your circumstances are shown in the **Zone amounts** table below

simply use the amounts in the table.

### Zone amounts

Your circumstances	Tax offset amount		
	Zone A	Zone B	Special area
You were single with no dependent child or student for all of 2002–03.	\$338	\$57	\$1,173
You are able to claim the maximum spouse (without child) tax offset (\$1,489) at question T1.	\$1,082	\$354	\$1,917

## Remote area allowance

If you received a remote area allowance from Centrelink or the Department of Veterans' Affairs, or an equivalent amount was included in an exceptional circumstance relief payment or a payment of farm help income support (previously known as restart income support), you must reduce the amount of your zone tax offset by this allowance.

If you can use the **Zone amounts** table on the previous page, write your tax offset amount less any remote area allowance at **R** item **T7** on your tax return. Do not show cents. Go to question **T8**.

If you cannot use the table you will need to work through **How to work out your tax offset** below.

### Conditions you need to meet to qualify for an overseas forces tax offset

You may be eligible for an overseas forces tax offset if you served in a specified overseas locality as a member of Australia's Defence Force or a United Nations armed force in 2002–03 and income relating to that service was not specifically exempt from tax. Your employer will be able to advise you whether you served in a locality which qualifies for the overseas forces tax offset. Localities which qualify for the overseas forces tax offset can also be obtained by visiting the Australian Taxation Office website at [www.ato.gov.au](http://www.ato.gov.au) or phone the Personal Tax Infoline (see the inside back cover of *TaxPack*). A locality that qualified recently is the Solomon Islands.

To claim the full tax offset, you must have served in the overseas locality for 183 days or more in 2002–03. Unlike the zone tax offset you cannot carry forward any unused days from previous years to make up 183. However, if your overseas service was less than 183 days, you may be able to claim part of the tax offset.

**Important:** If you qualify for both an overseas forces tax offset and a zone tax offset, you can claim only one of them. We show you how to claim the higher tax offset.

If you served in an overseas locality for less than 183 days, but the total number of days served in the overseas locality, when added to the number of days spent in one or more zones, is 183 days or more, you may still be entitled to claim the full overseas forces tax offset. If you served as a member of the Defence Force, days spent in a zone must be Defence Force service.

If you served only in one or more specified overseas localities for at least 183 days, you had no spouse, no dependent child or student, and you are not claiming for dependants (such as parent, spouse's parent, invalid relative, child-housekeeper or housekeeper) at any other tax offset question, simply claim the fixed amount (\$338) from table A in the next column. Write this amount at **R** item **T7** on your tax return. Do not show cents. Go to question **T8**. For other circumstances, read on.

### HOW TO WORK OUT YOUR TAX OFFSET

The zone or overseas forces tax offset is made up of two amounts—the fixed amount and a percentage of a base amount. Use the information from table A when you complete either table J or table K on pages s49–50.

**TABLE A**

	<i>Fixed amount</i>	<i>Percentage of base amount</i>
Zone A	\$338	50%
Zone B	\$57	20%
Special area	\$1,173	50%
Overseas forces	\$338	50%

If you had no spouse, no dependent child or student, and you are not claiming for dependants (such as parent, spouse's parent, invalid relative, child-housekeeper or housekeeper) at any other tax offset question you will not have a base amount. Go to **WORKING OUT YOUR TAX OFFSET** on page s49.

If you had a spouse or a dependent child or student, or you are entitled to any dependant tax offset, read on for instructions on how to work out your base amount.

### WORKING OUT THE BASE AMOUNT

The base amount is made up of tax offsets you may have claimed elsewhere in *TaxPack* and notional tax offsets. A notional tax offset is an offset to which you would have been entitled if the tax offset was still allowable. As a result of the introduction of family tax benefit (FTB), you may have to recalculate some tax offsets that you claimed elsewhere in *TaxPack*. FTB does not affect your entitlement to these notional tax offsets when calculating your zone or overseas tax offset.

Each of the tax offset components you work out below will form part of your base amount—at table I on page s49. Follow the instructions below.

#### Parent, spouse's parent or invalid relative tax offset component

Only read this section if you are eligible to claim a parent, spouse's parent or invalid relative tax offset; if not go to **Spouse tax offset component** on page s47.

If you are eligible to claim a parent, spouse's parent or invalid relative tax offset at question **T9** on pages s54–5, you will need to work out that amount then come back to this question. Write the amount you have claimed at **T9** at (a) table I on page s49. Read on.

#### Notional tax offset for dependent children or students

Your base amount will increase by the maximum amount shown in table B on the next page for each student aged under 25 on 30 June 2003 in full-time education at a school, college or university and for each child under 16 on 30 June 2003 who, for the whole of 2002–03:

- was treated as an Australian resident
- was maintained by you, and
- had a separate net income (SNI)—see pages 66–7 in *TaxPack 2003*—of less than \$286.

If you do not have any dependent children or students go to the **Spouse tax offset component** on the next page.

**TABLE B**

Dependant	Notional tax offset
Each student under 25 years	\$376
First non-student child under 16 years	\$376
Other non-student children under 16 years	\$282 for each child

If all of these requirements were met, add up the notional tax offset amount for each child or student and write the total at (c) table I on page s49.

If two or more people contributed to the maintenance of a dependent child, each person can only claim a proportion of the notional tax offset.

If the requirements were met for only part of the year, or your child or student's SNI was \$286 or more, you may be able to claim a partial notional tax offset. Read on.

#### Part-year claim

You can claim only part of the notional tax offset for dependent children or students:

- if the child or student was treated as an Australian resident for only part of 2002–03
- if the student was 16 years or older and was in full-time education for only part of 2002–03
- if the child or student was maintained by you for only part of 2002–03
- if the child was 16 at 30 June 2003 and not in full-time education, or
- if the student was 25 at 30 June 2003.

Use table C to work out the reduced notional tax offset.

**TABLE C**

Maximum notional tax offset for the child or student—from table B	(a)	\$
Number of days you maintained your child or student and your child or student remained a dependant	(b)	
Number of days in 2002–03	(c)	365
Divide (b) by (c).	(d)	
Multiply (d) by (a).	(e)	\$

If the SNI of your child or student was less than \$286, write amount (e) at (c) table I.

If you have more than one eligible child or student and the SNI of each one was less than \$286, work out the amount for each child, add up all of the amounts and write the total at (c) table I.

#### If SNI was \$286 or more

If the child or student had an SNI of more than:

- \$1,785 for a student under 25 or the first child under 16 who is not a student, or
  - \$1,409 for any other child under 16 who is not a student
- you cannot claim any amount of notional tax offset for that child or student.

If your child or student's SNI was \$286 or more but less than the limits shown, use table D to work out the notional tax offset.

**TABLE D**

Notional tax offset for the child or student—from table B or (e) table C for a part-year claim	(a)	\$
Your child or student's separate net income (SNI) for the period you maintained them	(b)	\$
Income at which the notional tax offset begins to reduce	(c)	\$282
Take (c) away from (b).	(d)	\$
Divide (d) by 4 because your tax offset is reduced by \$1 for every \$4 of SNI over \$282. Do not show cents.	(e)	\$
Take (e) away from (a). Do not show cents.	(f)	\$

Write the amount at (f) at (c) table I. If you have more than one eligible child or student, work out the amount for each child or student, add up all of the amounts and write the total at (c) table I.

#### Spouse tax offset component

If you claimed a spouse (without dependent child or student) tax offset at part 1 question **T1**, write that amount at (b) table I. Go to **Child-housekeeper tax offset component** on the next page.

If either of the following applies to you:

- you had a spouse and you have written an amount of at least \$1 at (c) table I—notional tax offset for dependent children or students, or
  - you were required to reduce your claim at **T1** because you, or your spouse during any period they were your spouse, received family tax benefit (FTB) Part B
- use table E to work out your notional spouse tax offset.

**TABLE E**

Write the maximum notional dependent spouse tax offset. If you had a spouse for only part of the year, multiply the number of days in that part of the year by the daily rate. (a) \$

Your spouse's separate net income (SNI)—see pages 66–7 in *TaxPack 2003* (b) \$

Income at which tax offset begins to reduce (c)

Take (c) away from (b). (d) \$

Divide (d) by 4 because your tax offset is reduced by \$1 for every \$4 of SNI over \$282.

Do not show cents. (e) \$

Take (e) away from (a). (f) \$

The amount at (f) is your notional spouse tax offset for zone or overseas forces tax offset purposes. Write this amount at (b) table I.

### Child-housekeeper tax offset component

Only read this section if you claimed a child-housekeeper tax offset at part 2 question T1.

If you claimed a child-housekeeper tax offset at part 2 question T1 and you did not have to reduce your tax offset because you, or your spouse during any period they were your spouse, received family tax benefit (FTB) Part B, write your child-housekeeper tax offset at (d) table I.

If you were required to reduce your claim for child-housekeeper tax offset because of FTB Part B use table F below.

**TABLE F**

	COLUMN 1 <i>No dependent child or student</i>	COLUMN 2 <i>With dependent child or student</i>
Write the maximum tax offset allowable. If you had a child-housekeeper for only part of the year, multiply the number of days in that part of the year by the daily rate from your column. (a)	\$1,489 or \$4.07 per day	\$1,786 or \$4.89 per day
Your child-housekeeper's separate net income (SNI)—see pages 66–7 in <i>TaxPack 2003</i> (b)	\$ <input type="text"/>	\$ <input type="text"/>
Income at which tax offset begins to reduce (c)	<input type="text" value="\$282"/>	<input type="text" value="\$282"/>
Take (c) away from (b) and divide by 4. (d)	\$ <input type="text"/>	\$ <input type="text"/>
Take (d) away from (a). (e)	\$ <input type="text"/>	\$ <input type="text"/>

Transfer the amount at (e) to (d) table I.

### Housekeeper tax offset

Only read this section if you claimed a housekeeper tax offset at part 3 question T1.

If you claimed a housekeeper tax offset at part 3 question T1 and you did not have to reduce your tax offset because you, or your spouse during any period they were your spouse, received family tax benefit (FTB) Part B, write your housekeeper tax offset at (e) table I.

If you were required to reduce your claim for a housekeeper tax offset because of FTB Part B read on.

#### Full-year claim

If you were entitled to the housekeeper tax offset for the full year (ignoring FTB Part B) write:

- \$1,786 at (e) table I if you had a dependent child or student, or
- \$1,489 at (e) table I if you did NOT have a dependent child or student.

#### Part-year claim

If you had a housekeeper for part of the year use table G.

**TABLE G**

	<i>No dependent child or student</i>	<i>With dependent child or student</i>
Amount of tax offset (a)	\$4.07 per day	\$4.89 per day
Number of days you qualify for the housekeeper tax offset (b)	<input type="text"/>	<input type="text"/>
Multiply (a) by (b). (c)	\$ <input type="text"/>	\$ <input type="text"/>

Write this amount at (e) table I.

### Notional sole parent tax offset component

Only read this section if you were a sole parent at any time during the income year.

If you had sole care of a dependent child or student AND you have written an amount of at least \$1 at (c) table I (notional tax offset for dependent children or students), then you may also be eligible for a notional sole parent tax offset. Read on.

Sole care means that you alone had full responsibility, on a day-to-day basis, for the upbringing, welfare and maintenance of a child or student. You are not considered to have had sole care if you are living with a spouse—married or de facto—unless special circumstances exist.

#### Special circumstances

If you had a spouse—married or de facto—at any time during 2002–03 it is only in special circumstances that you are entitled to a sole parent tax offset. Generally, for special circumstances to exist, you must be financially responsible for the dependent child or student and have sole care, without the support a spouse normally provides.



Examples of situations where special circumstances may arise:

- You were married at any time during 2002–03 but during the year you separated from or were deserted by your spouse, and for the period that you will claim the sole parent tax offset you were not in a de facto relationship.
- Your spouse was in prison for a sentence of at least 12 months.
- Your spouse is medically certified as being permanently mentally incapable of taking part in caring for the child or student.

If you are unsure whether special circumstances apply phone the Personal Tax Infoline (see the inside back cover of *TaxPack*).

**Shared or joint custody after divorce or separation**

There are times, after divorce or separation, where both parents share the custody of a child or student. If you can show that you had sole care of a dependent child or student for part of the year, then you may be able to claim the tax offset for that part of the year. This means more than just having access visits with the child or student.

If the dependent child:

- was not receiving full-time education and turned 16 years of age during 2002–03, or
- was a full-time student and turned 25 years of age during 2002–03

you are considered to have had sole care of the child for the part of the year up to the day the child turned 16 or the student turned 25. You are only entitled to claim the tax offset for that part of the year.

If you had sole care of a child or student for the whole of 2002–03 write \$1,399 at (f) table I and add up your base amount.

**Note:** If you were entitled to a spouse, housekeeper or child-housekeeper tax offset (part 1, 2 or 3 of question T1) for any period during the year, you cannot claim a notional sole parent tax offset for the same period. If your claim at question T1 did not cover the whole year you will need to use the part-year claim table H below.

**TABLE H—Notional sole parent tax offset—part-year claim**

Number of weeks you had sole care of a child and were not entitled to a tax offset at question T1	(a)	<input type="text"/>
Multiply (a) by \$26.90.	(b)	\$ <input type="text"/>

Transfer the amount at (b) to (f) table I.

**YOUR BASE AMOUNT**

**TABLE I**

**Use this table to work out your base amount.**  
These are the components for your dependants, if any.

Parent, spouse’s parent or invalid relative—from question T9	(a)	\$ <input type="text"/>
Spouse—from part 1 question T1, or table E	(b)	\$ <input type="text"/>
Notional tax offset for dependent children or students—from table B, table C or table D	(c)	\$ <input type="text"/>
Child-housekeeper—from part 2 question T1 or table F	(d)	\$ <input type="text"/>
Housekeeper—from part 3 question T1, or table G	(e)	\$ <input type="text"/>
Sole parent—from table H	(f)	\$ <input type="text"/>
Add up all of these amounts.	(g)	\$ <input type="text"/>

The amount at (g) is your base amount.

Read on.

**WORKING OUT YOUR TAX OFFSET**

**Multiple locations**

If you lived or worked in more than one zone, special area or specified overseas locality, and you were in one of them for 183 days or more, check table A. If the fixed amount for that zone is higher than for the other zones where you were, use that fixed amount and table J below to work out your tax offset. (This will give you the greatest benefit.) Otherwise, go to category 2.

**Example**

Neil lived in zone A for 190 days and in zone B for 40 days. Table A shows that the fixed amount for zone A is higher than the zone B amount. Neil simply uses the zone A amount because this will give him the greatest benefit. He ignores the time he spent in zone B.

**Category 1**

**You were in only one zone, or served only in specified overseas localities for at least 183 days—use table J.**

**TABLE J**

Your fixed amount—from table A	(a)	\$ <input type="text"/>
Your base amount—from table I	(b)	\$ <input type="text"/>
Multiply (b) by the percentage figure from table A.	(c)	\$ <input type="text"/>
Add (a) and (c).	(d)	\$ <input type="text"/>
Any remote area allowance you received	(e)	\$ <input type="text"/>
Take (e) from (d).	(f)	\$ <input type="text"/>

If you are claiming an overseas forces tax offset, the amount you can claim is (d). If you are claiming a zone tax offset, the amount you can claim is (f).

Write your zone or overseas forces tax offset amount at **R** item **T7** on your tax return. Do not show cents. Go to question **T8**.

### Category 2

**You lived or worked in more than one zone or you served in a specified overseas locality for less than 183 days, OR you served in a specified overseas locality and you were in one or more zones, for at least 183 days**

You claim for the number of days in each eligible place divided by 183, **to a maximum of 183 days for a year**. Start with your zone that has the highest fixed amount in table A—this will give you the greatest benefit.

Example 1: You spent 120 days in zone B and 100 days in zone A. You would claim  $100 \div 183$  for zone A and  $83 \div 183$  for zone B.

Example 2: You served 100 days in a specified overseas locality. You would claim  $100 \div 183$  days.

Example 3: You served 100 days in an overseas locality as a member of the Defence Force and served a further 83 days or more in a zone. You would claim the full overseas forces tax offset.

Example 4: You served 100 days in an overseas locality and 185 days in a special area. As the special area in table A shows the highest fixed amount and you use up the maximum 183 days for this, you would simply claim the full special area amount and ignore the 100 days in an overseas locality.

Use table K to work this out for each zone, special area or overseas locality you were in (as in the examples above).

**TABLE K**

Your fixed amount—from table A	(a)	\$	<input type="text"/>
Your base amount—from table I	(b)	\$	<input type="text"/>
Multiply (b) by the percentage figure from table A.	(c)	\$	<input type="text"/>
Add (a) and (c).	(d)	\$	<input type="text"/>
Number of days spent or served there	(e)		<input type="text"/>
Multiply (d) by (e).	(f)	\$	<input type="text"/>
Divide (f) by 183. This is the amount you can claim.	(g)	\$	<input type="text"/>

Once you have worked out the amount you can claim for each place you were in, add up all the amounts and then use table L to work out your total tax offset.

**TABLE L**

Total of the amounts you have worked out for each zone—from (g) table K	(a)	\$	<input type="text"/>
Any remote area allowance you received	(b)	\$	<input type="text"/>
Take (b) away from (a). This is the zone tax offset you can claim.		\$	<input type="text"/>

Where you served in a specified overseas locality for less than 183 days, the amount from (g) table K is the overseas forces tax offset you can claim.

Where you served in a specified overseas locality and you were in one or more zones for at least 183 days, add up all the amounts—from (g) table K. This is the overseas forces tax offset you can claim.

Write your zone or overseas forces tax offset amount at **R** item **T7** on your tax return. Do not show cents. Go to question **T8**.

## SELECTED LOCALITIES WITHIN THE ZONES AND SPECIAL AREAS

T7

TAX OFFSETS

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TAXPACK 2003 SUPPLEMENT

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### ZONE A

Western Australia	Northern Territory
Bidyadanga	Alice Springs*
(Lagrange)	Batchelor
Broome*	Darwin
Carnarvon	Hermannsburg
Dampier	Katherine*
Derby	Pine Creek
Goldsworthy	Santa Teresa
Karratha	Tindal
Marble Bar	
Newman*	<b>Queensland</b>
Pannawonica	Camooeal
Paraburdoo	Cloncurry
Port Hedland*	Mount Isa*
Roebourne	
Shay Gap	
Tom Price*	
Wittenoom	

### ZONE B

Western Australia	Tasmania	Collinsville
Boulder	Queenstown	Cunnamulla
Coolgardie	Rosebery	Greenvale
Esperance		Home Hill
Kalgoorlie*	<b>South Australia</b>	Ingham
Kambalda	Woomera	Innisfail
Leonora		Longreach
Mullewa	<b>Queensland</b>	Mackay
Norseman	Airlie Beach	Mareeba
Northampton	Atherton	Mossman
Ravensthorpe	Augathella	Port Douglas
Southern Cross	Ayr	Proserpine
	Barcaldine	Quilpie
<b>New South Wales</b>	Blackall	Sarina
Bourke	Bowen	Tambo
Brewarrina	Cairns	Townsville
Broken Hill	Cardwell	Tully
Cobar	Charleville	Winton
Collarenebri	Charters Towers	
Lightning Ridge	Clifton Beach	
Menindee		
Wilcannia		

### SPECIAL AREAS

Western Australia	Northern Territory	Tasmania	South Australia	Islands and Territories
Balladonia	Alyangula	Furneaux Group	Amata Aboriginal	Australian Antarctic
Deakin	Angurugu	Islands	Community	Territory
Denham	Borroloola	King Island	Coober Pedy	Cocos (Keeling)
Eucla	Elliott		Cook	Islands
Exmouth	Galiwinku	<b>Queensland</b>	Innaminka	Heard Island
Fitzroy Crossing	Jabiru	Boulia	Leigh Creek	Lord Howe Island
Halls Creek	Lajamanu/Hooker	Burketown	Marree	Macquarie Island
Kununurra	Creek	Cooktown	Nullarbor	McDonald Islands
Laverton	Maningrida	Doomadgee	Oodnadatta	Norfolk Island
Leinster	Milikapiti	Georgetown	Penong	Palm Isles Group
Madura	Milingimbi	Helen Vale	Roxby Downs	
Meekatharra	Nguiu	Hughenden	Tarcoola	
Mount Magnet	Ngukurr	Julia Creek		
Onslow	Nhulunbuy (Gove)	Karumba	<b>New South Wales</b>	
Rawlinna	Numbulwar	Kowanyama	White Cliffs	
Turkey Creek	Oenpelli	Normanton		
(BowRiver)	Papunya	Stamford		
Wiluna	Ramingining	Thargomindah		
Wyndham	Tennant Creek	Weipa		
	Yirrkala	Windorah		
	Yuendumu			
	Yulara			

Locations that are within 250 radial kilometres of the asterisked (\*) locations are also in the relevant zone.

There are also other locations that may be in a zone or special area. If you are unsure visit the Australian Taxation Office website at [www.ato.gov.au](http://www.ato.gov.au) or phone the Personal Tax Infoline (see the inside back cover of *TaxPack*).

# QUESTION T8

## 20% TAX OFFSET ON NET MEDICAL EXPENSES OVER THE THRESHOLD AMOUNT

T8

TAX OFFSETS

### Did you have net medical expenses over \$1,250 in 2002–03?

The Parliament is presently considering changes to the law to increase the threshold amount for 2002–03 from \$1,250 to \$1,500. At the time of printing *TaxPack 2003* this measure had not become law. You will still need to complete this question using a threshold amount of \$1,250. If the measure is passed into law with effect for 2002–03, the Australian Taxation Office (ATO) may need to adjust your assessment.

Medical expenses do not include contributions to a private health fund, travel or accommodation expenses associated with medical treatment or inoculations for overseas travel.

NO Go to question T9.

YES Read below.

### YOU NEED TO KNOW

#### NOTE

You can only claim medical expenses for your dependants who are Australian residents for tax purposes (see page 10 in *TaxPack 2003* for an explanation of this term).

Net medical expenses are the medical expenses you have paid less any refunds you got, or could get, from Medicare or a private health fund.

You can claim a tax offset of 20%—20 cents in the dollar—of your net medical expenses over \$1,250. There is no upper limit on the amount you can claim.

The medical expenses must be for:

- you
- your spouse—married or de facto—regardless of their income
- your children (including any who were students) who were under 21 including adopted, exnuptial or stepchildren—regardless of their income
- any other child under 16—not a student—who you maintained and whose separate net income (SNI) was less than \$1,786 for the first child and less than \$1,410 for the second child and any subsequent children
- a student under 25 who you maintained and whose SNI was less than \$1,786
- a child-housekeeper but only if you can claim a tax offset for them at item T1 on your tax return, or
- an invalid relative, parent or spouse's parent but only if you can claim a dependant tax offset at item T9.

You and your dependants must be Australian residents for tax purposes but you can claim medical expenses paid while travelling overseas. You may also be able to include the medical expenses of certain dependants who have been approved to migrate to Australia—see **Overseas dependants** on page 66 in *TaxPack 2003*.

You can claim expenses relating to an illness or operation paid to legally qualified doctors, nurses or chemists and public or private hospitals.

Medical expenses which qualify for the tax offset include payments for:

- dentists, orthodontists or registered dental mechanics
- opticians or optometrists, including the cost of prescription spectacles or contact lenses
- a carer who looks after a person who is blind or permanently confined to a bed or wheelchair
- therapeutic treatment at the direction of a doctor
- medical aids prescribed by a doctor
- artificial limbs or eyes and hearing aids
- keeping a trained working guide dog
- cosmetic surgery, or
- treatment under an in-vitro fertilisation program.

Expenses which DO NOT qualify for the tax offset include payments made for:

- therapeutic treatment not formally referred by a doctor—a mere suggestion or recommendation by a doctor to the patient is not enough for the treatment to qualify; the patient must be referred to a particular person for specific treatment
- chemist-type items—such as tablets for pain relief—purchased in retail outlets or health food stores

- inoculations for overseas travel
- non-prescribed vitamins or health foods
- travel or accommodation expenses associated with medical treatment
- contributions to a private health fund
- purchases from a chemist that are not related to an illness or operation
- ambulance charges and subscriptions, or
- funeral expenses.

### Nursing home (residential aged care facility) expenses

You can also claim some payments made to a nursing home or hostel—not a retirement home. Since 1 October 1997, payments made to an approved care provider for care received by an approved recipient of residential aged care qualify for the net medical expenses tax offset. When the care recipient has been assessed as needing care at levels 1 to 7, payments towards residential aged care qualify for the tax offset. If the care recipient does not meet this requirement, but is subsequently reassessed as satisfying it, they would be able to claim a tax offset for qualifying payments made from the date the new classification took effect.

If you are not sure which level of care you (or the care recipient you are claiming the expense for) have been assessed as requiring, please contact the nursing home or hostel.

The tax offset does not cover payments made for aged care by:

- people who were residents of a hostel before 1 October 1997 and who did not have a personal care subsidy or a respite care subsidy paid on their behalf at the personal care subsidy rate by the Commonwealth (unless they have subsequently been reassessed as requiring care at levels 1 to 7), or
- people entering aged care on and from 1 October 1997 who have been assessed as requiring level 8 care.

Residential aged care expenses which qualify for the tax offset include:

- daily fees
- income tested daily fees
- extra service fees, and
- accommodation charges, periodic payments of accommodation bonds or amounts drawn from accommodation bonds paid as a lump sum.

Payments which DO NOT qualify for the tax offset include:

- lump sum payments of accommodation bonds and
- interest derived by care providers from the investment of accommodation bonds.

## WHAT YOU MAY NEED

- details of the medical expenses you can claim
- details of refunds you received, or are entitled to receive, from Medicare or a private health fund.

### Completing this question

<b>STEP 1</b>	Add up all your allowable medical expenses.	(a)	\$ <input type="text"/>
<b>STEP 2</b>	Add up all the refunds of these expenses which you have received or are entitled to receive.	(b)	\$ <input type="text"/>
<b>STEP 3</b>	Take (b) away from (a). This is your net medical expenses amount.	(c)	\$ <input type="text"/>
<b>STEP 4</b>	Take \$1,250 away from your net medical expenses shown at (c). If the amount at (d) is \$0 or less, you cannot claim a tax offset.	(d)	\$ <input type="text"/>
<b>STEP 5</b>	Divide (d) by 5 (to get 20%) This is your medical expenses tax offset.	(e)	\$ <input type="text"/>
<b>STEP 6</b>	Write the amount at (e) at <input checked="" type="checkbox"/> item <b>T8</b> on your tax return. Do not show cents.		

# QUESTION T9 PARENT, SPOUSE'S PARENT OR INVALID RELATIVE

T9

## Did you maintain your parent, your spouse's parent or an invalid relative?

NO Go to question T10.

YES Read below.

### YOU NEED TO KNOW

Your parent, spouse's parent or invalid relative must be a dependant who is maintained by you. This means:

- you and the dependant resided together
- you gave the dependant food, clothing and lodging, or
- you helped them to pay for their living, medical and educational costs.

This is further explained on page 66 in *TaxPack 2003*. You cannot claim a tax offset if your dependant did not reside in Australia or was only visiting you during a holiday in Australia. See page 10 in *TaxPack 2003* for information about whether your dependant is an Australian resident.

An invalid relative is a person 16 years old or older who is your child, brother or sister who:

- receives a disability support pension or special needs disability support pension
- receives a rehabilitation allowance and immediately before becoming eligible for this allowance was eligible to receive an invalid pension, or
- has a certificate from a Commonwealth approved doctor stating that they have a continuing inability to work.

The maximum tax offset is \$670 for each dependent invalid relative and \$1,339 for each dependent parent or spouse's parent.

To complete this question you need to know each dependant's separate net income (SNI). SNI is income earned in 2002–03 by your dependant while you maintained them and may reduce any tax offset you are entitled to claim. SNI includes both taxable amounts and amounts on which tax is not payable. This is explained on pages 66–7 in *TaxPack 2003*.

If you can claim a tax offset for more than one dependant, work through the steps for each dependant. You will need to add up all your tax offset amounts before writing the total on your tax return. Use a piece of notepaper to add up your tax offset amounts.

Your tax offset is reduced if:

- your dependant's SNI was \$286 or more
- you maintained your dependant for only part of the year
- another person helped to maintain your dependant, or
- your dependant resided in Australia for only part of the year.

If none of these points applies to you in relation to your dependant, you can claim the maximum tax offset for that dependant.

Where another person or persons contributed to the maintenance of your dependant, you can claim part of the allowable tax offset, according to the extent of your contribution. For example, if you and another person contributed equally to the maintenance of your dependent parent, you can claim half of the allowable tax offset.

### Claim for maximum tax offset

If your dependant's SNI was \$285 or less and you maintained them for the whole year, you can claim the maximum tax offset—\$670 for each dependent invalid relative and \$1,339 for each dependent parent or spouse's parent. Go to **Completing this question** on the next page.

### Claim for tax offset if your dependant's SNI was \$286 or more and you maintained your dependant for the full year

**STEP 1** Take away \$282 from your dependant's SNI.

**STEP 2** Divide the answer at step 1 by 4. If the resulting amount is \$670 or more for an invalid relative or \$1,339 or more for a parent or spouse's parent, you cannot claim a tax offset for that person. Go to question **T10**. If it is less, go to step 3.

**STEP 3** Take away the answer at step 2 from \$670 for an invalid relative or \$1,339 for a parent or spouse's parent. This is your dependant tax offset. Go to **Completing this question**.

#### **Claim for tax offset for part of the year**

**STEP 1** Work out the number of days in the year you maintained your dependant while they were an Australian resident.

**STEP 2** Multiply the number of days by \$1.84 for an invalid relative or by \$3.67 for a parent or spouse's parent.

**STEP 3** If your dependant's separate net income (SNI) was \$286 or more during the period they were your dependant:

- (a) take \$282 away from your dependant's SNI
- (b) divide the answer at (a) by 4
- (c) take away the figure at (b) from the answer at step 2. This is your dependant tax offset.

#### **Completing this question**

Write your parent, spouse's parent or invalid relative tax offset at **B** item **T9** on your tax return. Do not show cents.

# QUESTION T10 LANDCARE AND WATER FACILITY

T10

TAX OFFSETS

Do you have available this year:

- a one-third tax offset on facilities to conserve or convey water (Part A) or
- a landcare and water facility tax offset brought forward from an earlier year (Part B)?

NO Go to question T11.

YES Read below.

## YOU NEED TO KNOW

There are two parts to this question.

Part A shows you how to claim a tax offset on facilities to conserve or convey water if you have previously chosen to claim a tax offset over three years instead of a deduction and you have one-third of the tax offset available this year.

Part B shows you how to claim any landcare and water facility tax offset brought forward from an earlier year that you can use this year.

### NOTE

You cannot claim both a deduction and a tax offset for the same expenditure.

**PART A** *Do you have available this year a one-third tax offset on facilities to conserve or convey water because you have previously chosen to claim a tax offset over three years for eligible expenditure incurred in 2000–01?*

NO Go to part B.

YES Read below.

You can claim a water facility tax offset of 30 cents in the dollar for one-third of your eligible expenditure incurred in 2000–01 on facilities to conserve or convey water. The tax offset is only available if you chose to claim a tax offset over three years instead of a deduction for that expenditure.

**NOTE** The landcare and water facility tax offset is not available for expenditure incurred after the end of the 2000–01 income year.

Only primary producers are entitled to claim the water facility tax offset.

Expenditure on facilities to conserve or convey water which you incurred in 2000–01 and for which you have a one-third tax offset available, will be eligible for a tax offset of 30 cents in the dollar.

Any landcare and water facility tax offset not used in an income year can be carried forward and used to offset future tax liabilities.

## WHAT YOU NEED

Written evidence of your water facility expenditure.

- STEP 1** Work out the total expenditure which you incurred on facilities to conserve and convey water in 2000–01 and for which you have a one-third tax offset available.
- STEP 2** Divide the amount at step 1 by 3 to work out one-third of the expenditure.
- STEP 3** Multiply the amount at step 2 by 30 and divide by 100.
- STEP 4** Write your answer from step 3 at **M** item T10 on your tax return. Do not show cents.
- STEP 5** Print the code letter **W** in the **CLAIM TYPE** box  at the right of **M** item T10.



**PART B** Do you have any landcare and water facility tax offset brought forward from an earlier year that you can use this year?

NO 

Go to question T11.

YES 

Read below.

## YOU NEED TO KNOW

This part only applies if your income tax liability for an earlier year did not absorb all of the landcare and water facility tax offset available to you for that year. For example, if you were eligible for a water facility tax offset in 2001–02 but were unable to claim the tax offset because of insufficient taxable income, you can carry forward the unused tax offset, subject to the rules below. The amount of your unused tax offset would be shown on your 2001–02 notice of assessment.

There is no limit to the number of years you can carry forward any balance of landcare and water facility tax offset.

**Unused net exempt income**

Your brought forward landcare and water facility tax offset has to be successively reduced by any unused net exempt income derived in the year the tax offset arose and any subsequent year—provided you had a taxable income in that year.

Unused net exempt income is any net exempt income left after deducting any tax losses of earlier income years from that year's net exempt income. Exempt income is explained on page 12 in *TaxPack 2003*.

If you have unused net exempt income and you had a taxable income this year you must reduce your brought forward landcare and water facility tax offset by \*34 cents for every dollar of unused net exempt income.

\* Under a proposed measure, this amount is to be reduced to 30 cents. At the time of printing, this measure had not become law.

If you do not have any unused net exempt income go to step 1 below. If you have unused net exempt income phone the Personal Tax Infoline (see the inside back cover of *TaxPack*) for more information on how to calculate the brought forward landcare and water facility tax offset.

## WHAT YOU NEED

Your 2001–02 notice of assessment.

## STEP 1

Write the amount of landcare and water facility tax offset brought forward—shown on your 2001–02 notice of assessment—at **T** item **T10** on your tax return. Do not show cents.

## CHECK THAT YOU HAVE . . .

- written on your tax return the total amount of water facility tax offset
- printed **W** in the **CLAIM TYPE** box  at the right of **M**
- written on your tax return any landcare and water facility tax offset brought forward.

# QUESTION T11 OTHER TAX OFFSETS

T11

TAX OFFSETS

Are you entitled to a tax offset for:

- heritage conservation work
- interest from government securities issued before 1 November 1968
- interest from the land transport facilities tax offset scheme or infrastructure borrowings scheme, or
- performing work or services in the Joint Petroleum Development Area (JPDA)?

NO Go to **TOTAL SUPPLEMENT TAX OFFSETS** on page s59.

YES Read below.

If you can claim more than one of the tax offsets listed above, you will need to add up all your tax offset amounts before writing the total on your tax return. Use a piece of notepaper to add up your tax offset amounts.

**PART A** Are you entitled to a tax offset for heritage conservation work for which a final certificate has been granted?

NO Go to part B.

YES Read below.

You can claim a tax offset of 20% of approved conservation expenditure of \$5,000 or more on buildings or structures listed on a Commonwealth, state or territory heritage register.

To be eligible for a tax offset, you will need to have been granted a final certificate from the Department of Environment and Heritage. You can claim the tax offset in 2002–03 if you applied for the final certificate in 2002–03 and it states that you paid an amount of \$5,000 or more for eligible heritage conservation works.

**STEP 1** Divide the amount shown under eligible heritage conservation works expenditure on your final certificate by 5. This is your heritage conservation tax offset.

**STEP 2** Write the amount from step 1 on your notepaper.

**PART B** Are you entitled to a tax offset for interest from government securities issued before 1 November 1968?

NO Go to part C.

YES Read below.

You can get a tax offset of 10 cents for each dollar of interest you received from loans or securities issued before 1 November 1968 by the Commonwealth Government or State Government or by a state or local government authority, including a bank, where the security was free from state income tax at the time of issue.

Show your interest income at item **10** on your tax return.

**STEP 1** Work out the amount of interest you received in 2002–03 from these types of securities. Divide this amount by 10. This is your interest tax offset.

**STEP 2** Write the amount from step 1 on your notepaper.

**PART C** Are you entitled to a tax offset for interest derived from the land transport facilities tax offset scheme or infrastructure borrowings scheme?

NO Go to part D.

YES Read below.

If you have any interest derived from the land transport facilities tax offset scheme or you have elected to have interest derived from your investment in infrastructure borrowings included as part of your assessable income, you may be entitled to a tax offset of 30 cents for each dollar of that interest.

**NOTE** Where your interest derived from the land transport facilities tax offset scheme is subject to an annual upper limit under an agreement between the lender/s, the borrowers and the Minister for Transport and Regional Services, you cannot claim a tax offset for the part of your interest that exceeds that upper limit.

- STEP 1** Work out the amounts of interest derived from the land transport facilities tax offset scheme for which you can claim a tax offset and any amount of interest you received from infrastructure borrowings.
- STEP 2** Multiply the amount from step 1 by 30, then divide by 100. This is your interest tax offset.
- STEP 3** Write the amount from step 2 on your notepaper.

**PART D** ***Are you a non-resident of Australia—other than a resident of East Timor—and you received income for work or services performed in the Joint Petroleum Development Area (JPDA)?***

- NO**  If you have answered **NO** to all parts of this question go to **TOTAL SUPPLEMENT TAX OFFSETS** below. Otherwise go to **Completing this question**.
- YES**  Read below.

You can claim a tax offset of 90% of Australian tax payable on Australian income earned in the JPDA. You will need a copy of the Joint Petroleum Development Area Instruction sheet (NAT 8277—4.2003) to work out your JPDA tax offset. This publication is available on the Australian Taxation Office website at [www.ato.gov.au](http://www.ato.gov.au) Or to find out how to get a printed copy, phone the Personal Tax Infoline (see the inside back cover of *TaxPack*).

Work out the tax offset you can claim using the JPDA instruction sheet. Write this amount on your notepaper.

**Completing this question**

- STEP 1** Add up all the amounts on your notepaper for this question. This is your total other tax offsets. Write the total at **C** item **T11** on your tax return. Do not show cents.
- STEP 2** If you are claiming a tax offset under part A for heritage conservation work or a JPDA tax offset under part D, print **H** in the **CLAIM TYPE** box  at the right of **C** item **T11**.  
If you are claiming a tax offset under the land transport facilities tax offset scheme or infrastructure borrowings scheme under part C, print **I** in the **CLAIM TYPE** box  at the right of **C** item **T11**.  
If you are claiming for more than one type of tax offset and both code letters apply, choose the code letter that applies to the largest amount and print it in the **CLAIM TYPE** box  at the right of **C** item **T11**.  
If you are claiming a tax offset under part B for interest from government securities, leave the **CLAIM TYPE** box  blank.

## TOTAL SUPPLEMENT TAX OFFSETS

**Did you claim any tax offsets at questions T6 to T11?**

- NO**  Go to step 4. **YES**  Go to step 1.

- STEP 1** Add up all the tax offset amounts in the right-hand column of items **T6** to **T11** on your tax return (supplementary section).
- STEP 2** Write the amount from step 1 at **TOTAL SUPPLEMENT TAX OFFSETS** on page 12 of your tax return. Do not show cents.
- STEP 3** Transfer the amount you wrote at **TOTAL SUPPLEMENT TAX OFFSETS** to **T** on page 4 of your tax return.
- STEP 4** Go to page 91 in *TaxPack 2003* to calculate your total tax offsets.

# ADJUSTMENTS

## QUESTION A3 AMOUNT ON WHICH FAMILY TRUST DISTRIBUTION TAX HAS BEEN PAID

A3

ADJUSTMENTS

### Did a trust, company or partnership distribute anything to you for 2002–03 on which family trust distribution tax has been paid?

Distributions on which family trust distribution tax is payable may include:

- income or property from a trust or partnership
- dividends or property from a company
- the use of property owned by the trust, partnership or company for which you have not paid full value, such as the free use of a holiday house.

The trust, partnership or company should be able to tell you if family trust distribution tax has been paid on a distribution to you.

NO Go to question A4.

YES Read below.

### YOU NEED TO KNOW

Family trust distribution tax is payable on any distribution made to a person outside a 'family group' by a trust which has elected to be a family trust or by a trust, partnership or company which has elected to be included in the family group of a family trust.

To the extent that family trust distribution tax has been paid on a distribution to you, the part of that distribution that is included in your assessable income is reduced proportionately. However, any part of the distribution that would have been included in your assessable income if family trust distribution tax had not been paid—reduced by any expenses that would have been deductible against it—is taken into account in determining your liability for the Medicare levy surcharge and the superannuation contributions surcharge. This is the amount that should be shown at this question.

### Example

During 2002–03 the Jones family trust distributed \$1,000 to Anne-Marie. The Jones family trust had elected to be a family trust from before the time the distribution was made but, because Anne-Marie is not a member of the family group of the Jones family trust, family trust distribution tax is payable on the \$1,000 distribution. This was paid in full by the trustee of the Jones family trust.

As a result, Anne-Marie does not include in her assessable income any part of the \$1,000 distribution. Instead Anne-Marie shows at this question the \$1,000 distribution from the Jones family trust less any expenses that would have been deductible against it.

However, had family trust distribution tax not been paid, Anne-Marie would have had to include in her assessable income any part of the distribution that was assessable.

### Completing this question

- STEP 1** Add up the amounts or value of all distributions to you by a trust, partnership or company during 2002–03 which would have been assessable income if family trust distribution tax had not been paid.
- STEP 2** Add up any expenses which you would have been able to claim as a deduction if the distributions had been included in your assessable income.
- STEP 3** Take away your step 2 amount, if any, from your step 1 amount.
- STEP 4** Write the amount from step 3 at **X** item **A3** on your tax return. Do not show cents. If the amount from step 3 is zero or less than zero do not write anything on your tax return. You have finished this question.

# QUESTION A4

## AMOUNT ON WHICH ULTIMATE BENEFICIARY NON-DISCLOSURE TAX WAS PAYABLE

A4

ADJUSTMENTS

### Did you receive a distribution of income from a trust on which the trustee was liable for ultimate beneficiary non-disclosure tax?

The trustee should be able to tell you if ultimate beneficiary non-disclosure tax was payable on a distribution made to you.

**NO**  Go to question C1.

**YES**  Read below.

#### YOU NEED TO KNOW

Ultimate beneficiary non-disclosure tax is payable by the trustee of a closely held trust where net income of the trust is distributed to another trust and the trustee does not or cannot disclose to the Australian Taxation Office (ATO) the name and certain other details about the person or persons who are ultimately entitled to that income.

Any trust distribution you receive that has had ultimate beneficiary non-disclosure tax paid on it is not included in your assessable income and you do not pay income tax, Medicare levy or Medicare levy surcharge on it. However, the distribution is taken into account in determining your liability for superannuation contributions surcharge. You must show the amount of this distribution on your tax return.

Any distribution that you show at this item on your tax return can be reduced by expenses you would have been able to claim as a deduction if the distribution had been included in your assessable income.

#### Example

During 2002–03, the Jones trust distributed \$1,000 to the Smith trust. The Smith trust distributed the \$1,000 to Elwin. The trustee of the Jones trust did not disclose to the ATO the name and tax file number of the person ultimately entitled to that distribution and therefore an ultimate beneficiary non-disclosure tax liability arose on the \$1,000. The liability was paid in full by the trustee of the Jones trust. As a result Elwin does not include in his assessable income any part of the \$1,000 distribution but he does show the \$1,000 distribution—less any expenses that would have been deductible against it—at this question.

#### WHAT YOU NEED

- a statement or advice from the trustee showing any distribution on which the trustee was liable for ultimate beneficiary non-disclosure tax
- details of any deductions you could have claimed against that distribution.

#### Completing this question

**STEP 1** Add up all the trust distributions you received during 2002–03 on which the trustee paid ultimate beneficiary non-disclosure tax.

**STEP 2** Add up any expenses which you would have been able to claim as a deduction for 2002–03 if the trust distributions had been included in your assessable income.

**STEP 3** Take away your step 2 amount, if any, from your step 1 amount.

**STEP 4** Write the amount from step 3 at **Z** item **A4** on your tax return. Do not show cents.

If the amount from step 3 is zero or less than zero, do not write anything on your tax return. You have finished this question.

# CREDIT FOR INTEREST ON TAX PAID

## QUESTION C1 CREDIT FOR INTEREST ON EARLY PAYMENTS

C1

During 2002–03, did you make any of the following payments to the Australian Taxation Office (ATO) more than 14 days before the due date—that is, an early payment of:

- income tax (including Medicare levy) shown on your notice of assessment
- Higher Education Contribution Scheme (HECS) debt shown on your notice of assessment
- Student Financial Supplement Scheme debt shown on your notice of assessment
- interest on distributions from non-resident trust estates
- an income tax penalty for the 1999–2000 and earlier income years
- general interest charge for lodging a late income tax return for income years up to and including 1999–2000, or a
- general interest charge on the shortfall of tax relating to an amended assessment for income years up to and including 1999–2000?

NO Go to the checklist on page s64.  YES Read below.

If you have already requested a direct payment of interest on your early payment, do not claim interest at this question.

### WHAT YOU NEED

- notification from the ATO showing the date of the notice, the amount owing and the due date
- details of your date of payment—shown on your bank statement or receipt from the post office or the ATO. Allow three extra days if you posted your payment.

### YOU NEED TO KNOW

The following are not early payments:

- pay as you go (PAYG) withholding amounts including:
  - amounts withheld from interest, dividends and royalties
  - amounts withheld by payers including those withheld for HECS
- PAYG instalments.

For more information, read the publication *Interest on early payments and overpayments of tax* (NAT 2277—6.2003) or the ATO Receivables Policy, 'Interest on Early Payments'. The publication and policy are available on the ATO website at [www.ato.gov.au](http://www.ato.gov.au) Or to find out how to get a printed copy of the publication, see the inside back cover of *TaxPack*.

The interest you receive will need to be shown as income on your tax return for the year in which the interest was paid or credited to you by the ATO. When you receive your 2002–03 notice of assessment, it will show the amount of interest you have received.

The interest period starts on the date you made your payment or the issue date of your notice informing you of the amount of tax, debt, interest or instalment—whichever is the later—and the interest period ends on the due date for payment. For example, a notice of assessment, issued to you on 20 September 2002, showed an amount of tax payable. If the amount was due on 21 November 2002 but you paid early, on 1 November 2002, the interest period would be 21 days—1 November to 21 November.

The interest rate applying for each quarter of 2002–03 is shown below:

### Interest rates for early payments calculation

<i>Period</i>	<i>Interest rate (% p.a.)</i>
1 July 2002 to 30 September 2002	4.84
1 October 2002 to 31 December 2002	4.96
1 January 2003 to 31 March 2003	4.84
1 April 2003 to 30 June 2003	4.75

If the early payment extends over two or more interest periods, you will need to do steps 1 to 4 for the number of days in each period.

### Completing this question

- STEP 1** Work out by how many days your payment was early—the number of days from:
- either the date you paid the amount or the issue date on your notice informing you of the amount of tax, debt, interest or instalment—whichever is the later—up to and including
  - the date when the payment was due.
- STEP 2** Divide the number of days from step 1 by 365.
- STEP 3** Multiply the answer you got at step 2 by the amount of the payment.
- STEP 4** Multiply the answer from step 3 by the rate of interest for the period and divide by 100. For example, for the period 1 July 2002 to 30 September 2002, multiply by 4.84 and divide by 100.
- STEP 5** Add up the amounts for each period in step 4.
- STEP 6** If the amount from step 5 is equal to or greater than 50 cents, write the total at **L** item **C1** on your tax return. Show cents. If the amount is less than 50 cents, you cannot claim.
- STEP 7** You have now finished this question. Go to the **CHECKLIST** on the next page.



Use this checklist to make sure pages 9–12 of your tax return are complete before you attach them to page 8.

### CHECK THAT YOU HAVE . . .

- printed your tax file number and name on page 9 of your tax return
- written totals (if applicable) at:
  - TOTAL SUPPLEMENT INCOME OR LOSS**
  - TOTAL SUPPLEMENT DEDUCTIONS**
  - TOTAL SUPPLEMENT TAX OFFSETS**
- transferred the totals above, where instructed
- completed item **C1** if required to do so
- filled in the small boxes—if you were asked to do so—at items **12, 13, 14, 16, 19, 20, 21, TOTAL SUPPLEMENT INCOME OR LOSS, T10** and **T11**
- completed the *2003 business and professional items schedule* if you answered **YES** at question **12** (if you had a net loss), **13, 14** or **15**. If you had tax withheld from your business or personal services income you must also have completed an *Individual PAYG payment summary schedule 2003*
- attached to page 3 of your tax return all attachments as instructed by any section or question in *TaxPack 2003 supplement*
- signed and dated the *Taxpayer's signature* block on page 12 of your tax return
- kept copies of your tax return, all attachments and relevant papers for your own records.

If you are uncertain about any of the questions we asked you to complete, phone the relevant infoline on the inside back cover of *TaxPack 2003 supplement*.

Go to page 92 in *TaxPack 2003* and continue working through *TaxPack*.





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