Worksheet 1: Reconciliation statement

Reconciliation items are those items that reconcile net profit or loss shown on the profit and loss statement (the accounts) with the net income or loss for income tax purposes of the partnership. This statement is not an exhaustive list of reconciliation adjustments.

A Net profit or loss in the accounts Additions: B Income reconciliation adjustments C Expense reconciliation adjustments D Net income or loss from business (A + B + C) Note: The additions at B or C may be negative amounts which will reduce the net income or loss. The amounts shown for net income at D must agree with Q and Q texts: amounts not shown for net income at D must agree with Q and Q texts: amounts not shown in the accounts which are assessable income E Assessable balancing adjustments Income reconciliation adjustment amounts on depreciating assets F Any excess of the tax value of closing stock over the tax value of opening stock (nor-small business entities - see item 41, Closing stock, All other businesses) G Other assessable income not included in the accounts H Subtotal (E + F + G) Income subtractions: income shown in the accounts which is not assessable I Profit on the sale of depreciating assets shown in the accounts J Personal services income included in the assessable income continue which is not assessable J Personal services income included in the assessable income conts J Personal services income included in the assessable income conts which is not assessable for tax purposes – for example, gross exempt income L Total H – (I + J + K)			Primary production income \$	Non-primary production income \$
B income reconciliation adjustments ////////////////////////////////////	A Net profit or loss in the accounts			
C Expense reconciliation adjustments ////////////////////////////////////	Additions:		·	,, , ,, , ,, , ,, , ,, , ,, , , , , , , , , , , , , , , , , , , ,
D Net income or loss from business (A + B + C) // Note: The additions at B or C may be negative amounts which will reduce the net income or loss. The amounts shown for net income at D must agree with Q and D item 5 on the tax return. // Income reconciliation adjustments Income add backs: amounts not shown in the accounts which are assessable income Income add backs: amounts not shown in the accounts which are assessable income F Any excess of the tax value of closing stock over the tax value of opening stock (non-small business entities - see item 41, Closing stock, All other businesses) Image: Comparison of the tax value of closing stock over the tax value of opening stock (non-small business entities - see item 41, Closing stock, All other businesses) G Other assessable income not included in the accounts Image: Comparison of the tax value of a stoce at a stoce s	B Income reconciliation adjustments]
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of an individual (attributed amount) K Other income shown in the accounts which is not assessable for tax purposes – for example, gross exempt income	. –	hown in the		
for tax purposes – for example, gross exempt income		assessable income		
L Total H – (I + J + K)				
	L Total	H – (I + J + K)		

Note: The net total of the primary production and non-primary production amounts at L must agree with the amount shown at **Reconciliation items**, A **Income reconciliation adjustments** item 5 on the tax return. If the net total is a negative amount, print L in the box at the right of A on the tax return.

Expense reconciliation adjustments

Expense add backs: expenses shown in the accounts which are not tax deductible

			Primary production income \$	Non-primary production income \$
Μ	Depreciation charged in accounts*			
Ν	Loss on the sale of depreciating assets			
0	 Other items not allowable as a deduction: capital expenditure additions to provisions and reserves debt deductions denied by thin capitalisation income tax expense certain expenses relating to personal service that are not deductible hire-purchase payments luxury car lease payments penalties and fines part of prepaid expenses not deductible to expense relating to exempt income other non-deductible expenses 	vices income		
Ρ	Subtotal	(M + N + O)		
Q R S	 Appense subtractions: items not shown as end depreciation for decline in value of depreciatir (for taxpayers not using the small business depreciation rules) Deductible balancing adjustments amounts depreciating assets Any excess of the tax value of opening stock of closing stock (non-small business entities Closing stock, All other businesses) Other tax deductible items: other amounts deductible under the unifor allowance system hire-purchase agreements – interest com luxury car leases – accrual amount 	ng assets entity on ek over the tax value s – see item 41, orm capital		
	 luxury car leases – accruai amount part of prepaid expenses deductible this y in accounts 20% write-off of capital expenditure to ten or licence** TOFA rules deductions not shown in account of the deductible items 	minate lease		
U	Total*** P - (0	Q + R + S +T)		

- * Only include amounts at **M** if the partnership is not using the small business entity depreciation rules. However, exclude any small business pool deductions shown at **K** item **5** on the tax return.
- ** If the partnership has incurred capital expenditure to terminate a lease or licence the partnership may be entitled to claim a deduction for 20% of this expenditure if the requirements of section 25-110 of the ITAA 1997 are satisfied.
- *** The net total of the primary production and non-primary production amounts at **U** must agree with the amount shown at **B Expense reconciliation adjustments** item **5** on the tax return. If the net total is a negative amount, print **L** in the box at the right of **B** on the tax return.