

INDIVIDUALS

TAXPAYERS

INSTRUCTIONS

NAT 0976-6.2005

SEGMENT

AUDIENCE

FORMAT

PRODUCT ID



Australian Government

Australian Taxation Office

TaxPack 2005

To help you complete your tax return
for 1 July 2004–30 June 2005

You may also need the separate booklet
TaxPack 2005 supplement – see page 8

! Why not lodge online?

You don't need to use *TaxPack* if you have access to the internet – for a fast, secure and easy way to do your tax, use e-tax, available at www.ato.gov.au

Most e-tax returns are processed in 14 days.

! Avoid delays to your refund

Use our 'Get it right – first time!' insert to check your completed return.

! Lodge your tax return by 31 October 2005

COMMISSIONER'S GUARANTEE

THE COMMISSIONER OFFERS YOU THE FOLLOWING PROTECTIONS IF YOU USE *TAXPACK 2005* PROPERLY:

- As a *TaxPack* user you will not be expected to know more than we have presented to you in *TaxPack* and its related publications.
- We have made every effort, including consultation with community groups and tax professionals outside the Tax Office, to make sure that *TaxPack* is accurate. Nevertheless, if something is misleading and you make a mistake as a result, we will not charge you a penalty or interest on any missing tax.
- If you use *TaxPack* properly and make an honest mistake, my staff, including my auditors, will accept that you have honestly described your tax affairs. We will not charge you a penalty, although we may ask you to pay interest on any missing tax.

Naturally, if you don't use *TaxPack* properly when you prepare your tax return you are not covered by these protections.

TaxPack 2005 has been prepared to help you complete your tax return correctly – see **Self-assessment – it's your responsibility** on page 12.

We have a charter which sets out your rights and obligations along with the service and other standards you can expect from us. For more information see **Dealing with the Tax Office** on page 119.

USING *TAXPACK 2005* PROPERLY MEANS YOU MUST:

- have on hand all your necessary documentation and records for the 2004–05 income year (1 July 2004 to 30 June 2005)
- read all the preliminary pages – they provide valuable information ranging from whether you need to lodge a tax return at all to how you can get a faster refund
- read each question caption carefully and:
 - if it does not apply to you, go to the next question
 - if it does apply to you, read the question carefully so that you provide the required details on your tax return
- make sure that you complete the Medicare levy surcharge question (**M2**) – it applies to all taxpayers
- be aware of the Index at the back of *TaxPack* – it can help you to find information that is relevant to your circumstances, and
- use the checklist on page 112 before you lodge your tax return.



A handwritten signature in black ink that reads "Michael Carmody".

Michael Carmody Commissioner of Taxation

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Commonwealth Copyright Administration, Copyright Law Branch, Attorney-General's Department, Robert Garran Offices, National Circuit, Barton ACT 2600 or posted at <http://www.ag.gov.au/cca>

Taxpayers may copy parts of *TaxPack 2005* and *TaxPack 2005 supplement* for their personal records.

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Thanks to the staff of the Tax Office, tax professionals and members of the community who contributed to *TaxPack 2005*.

DO YOU HAVE TO LODGE A TAX RETURN?

There are a number of reasons you may have to lodge a tax return for the 2004–05 income year (1 July 2004 to 30 June 2005). Check each reason listed below, in order, from **Reason 1** to **Other reasons**. If you:

- Find a reason that applies to your circumstances, you have to lodge. You do not have to read any further on this page – go to page 5.
- Don't find a reason that applies to you, go to page 3 to find out if you need to complete a *Non-lodgment advice 2005*.

REASON 1

You paid tax during 2004–05.

You need to lodge if you were an Australian resident for tax purposes (see page 14) and you:

- had amounts of tax withheld from income you received or earned OR
- were required to lodge an activity statement under the pay-as-you-go (PAYG) system and/or pay an instalment amount during the year OR
- had amounts withheld from interest because you did not quote your tax file number (TFN) or Australian business number (ABN) to the investment body.

REASON 2

You were eligible for the senior Australians tax offset. You must meet all four conditions set out on pages 87–8.

You need to lodge if your taxable income (not including your spouse's) was more than the following relevant amount:

- **\$20,500** – if you were single, widowed or separated at any time during the year
- **\$19,383** – if you had a spouse but one of you lived in a nursing home or you had to live apart due to illness
- **\$16,806** – if you lived with your spouse for the full year.

REASON 3

You received an Australian Government pension, allowance or payment but you were not eligible for the senior Australians tax offset.

You need to lodge if any of the following applied to you:

- You received an allowance or payment listed at question **5** on page 27 and you had other non-exempt income, which together made your taxable income more than \$7,383.
- You received a pension, allowance or payment listed at question **6** on page 28, from Centrelink AND your taxable income was more than the following relevant amount:
 - **\$19,252** – if you were single, widowed or separated at any time during the year
 - **\$18,382** – if you had a spouse but one of you lived in a nursing home or you had to live apart due to illness
 - **\$16,123** – if you lived with your spouse for the full year.

- You received a pension, allowance or payment listed at question **6** on page 28, from the Department of Veterans' Affairs (DVA) AND your taxable income was more than the following relevant amount:
 - **\$18,652** – if you were single, widowed or separated at any time during the year
 - **\$17,793** – if you had a spouse but one of you lived in a nursing home or you had to live apart due to illness
 - **\$15,617** – if you lived with your spouse for the full year.

REASON 4

You were not eligible for the senior Australians tax offset and you did not receive an Australian Government pension, allowance or payment but you received or earned income.

You need to lodge if your taxable income exceeded the following relevant amount:

- **\$6,000** – if you were an Australian resident for tax purposes for the full year
- **\$772** – if you were under 18 years of age at 30 June 2005 and your income was not salary or wages
- **\$1** – if you were a non-resident and you had income taxable in Australia – excluding income that had non-resident withholding tax withheld from it
- your part-year tax-free threshold amount – if you stopped full-time education for the first time or you became or stopped being an Australian resident for tax purposes, you will have a part-year tax-free threshold which determines whether you have to lodge a tax return. Page 121 shows you how to work out this amount.

OTHER REASONS

You need to lodge if any of the following applied to you:

- You are the liable parent under a child support assessment.
- You have a reportable fringe benefits amount on your *PAYG payment summary – individual non business*.
- You are entitled to the private health insurance tax offset – see question **T5** on pages 94–5.
- You carried on a business.
- You made a loss or you can claim a loss you made in a previous year.
- You were entitled to a distribution from a trust or you had an interest in a partnership AND the trust or partnership carried on a business of primary production.
- You were an Australian resident for tax purposes and you had exempt foreign employment income and \$1 or more of other income. (Pages s21–6 in *TaxPack 2005 supplement* explain what is meant by 'exempt foreign employment income'.)

- You are a special professional covered by the income averaging provisions. These provisions apply to authors of literary, dramatic, musical or artistic works; inventors; performing artists; production associates and active sportspeople.
- You received income from dividends or distributions exceeding \$6,000 (or \$416 if you were under 18 years of age at 30 June 2005) AND you had franking credits attached or amounts withheld because you did not quote your tax file number or Australian business number to the investment body.
- You are eligible for the Super Co-contribution on personal contributions you made to a complying superannuation fund or retirement savings account. See **What's new this year?** on page 11.

Deceased estate

If you are looking after the estate of someone who died during 2004–05, consider all the reasons on their behalf and, if a tax return is not required, complete the *Non-lodgment advice 2005* on the next page and send it to the Tax Office. If a tax return is required, see page 14 for more information.

Franking credits

If you have a franking credit shown on your dividend statement or your distribution statement from a managed fund for 2004–05 you may be able to claim a refund of this franking credit without lodging a tax return.

➤ See *Refund of franking credits instructions and application for individuals 2005* (NAT 4105–6.2005) for more information. This publication is available on our website or, to find out how to get a printed copy, see the inside back cover.

Baby bonus

If you are claiming the baby bonus for 2005 but you do not have to lodge a tax return, you can claim your baby bonus:

- electronically using e-tax, which has a separate baby bonus application – see page 5 for further information about e-tax, or
- by using the publication *Baby bonus instructions and claim 2005* (NAT 6580–6.2005) and lodging your claim by mail.

If you are lodging both a claim for baby bonus and an application for a refund of franking credits, you must send them to us together in one envelope. You can also lodge them together using e-tax but you will be required to complete a full tax return in the e-tax application.

➤ The publication *Baby bonus instructions and claim 2005* is available on our website or, to find out how to get a printed copy, see the inside back cover.

If you do not need to lodge a tax return

If you do not need to lodge a tax return, you will need to complete the form on the next page and send it to the Tax Office unless one of the following applies to you:

- You have already sent us a tax return, non-lodgment advice, form or letter telling us that you do not need to lodge a tax return for all future years.
- You are lodging a baby bonus claim and/or applying for a refund of franking credits for 2005.
- Your only income was from an allowance or payment listed at question 5 on page 27 OR you received a pension, allowance or payment listed at question 6 on page 28 and your taxable income was less than the relevant amount in **Reason 2** (if you are eligible for the senior Australians tax offset) or **Reason 3**. (The agencies that pay these have provided information for us to determine that you do not need to lodge a tax return.)



Australian Government
Australian Taxation Office

Non-lodgment advice

2005

1 July 2004 to 30 June 2005

Please print neatly in BLOCK LETTERS with a black or blue ballpoint pen only. Do not use correction fluid or tape.

DO YOU HAVE TO LODGE A TAX RETURN

Your tax file number

It is not an offence not to quote your tax file number (TFN). However, your TFN helps the Tax Office to correctly identify your tax records.

Your date of birth

DAY	MONTH	YEAR
<input type="text"/>	<input type="text"/>	<input type="text"/>

Your name

Title – for example, Mr, Mrs, Ms, Miss

Surname or family name

Given names

Your postal address

Suburb or town

State

Postcode

Country
if not
Australia

Have you changed your postal address since your last tax return?

NO

YES

Print the address on your last notice of assessment or the address you last told us about.

Suburb or town

State

Postcode

Country
if not
Australia

Your phone number during business hours – if it is convenient

Area code

Phone number

Reason for not lodging a tax return

I will not have to lodge a tax return for 2005 because none of the reasons listed on pages 2–3 apply.

I will not have to lodge a tax return for future years because:

I declare that the information I have given in this non-lodgment advice is true and correct.


Signature

Date

DAY	MONTH	YEAR
<input type="text"/>	<input type="text"/>	<input type="text"/>

The tax law imposes heavy penalties for giving false or misleading information.

Use the pre-addressed envelope provided with *TaxPack* to send your non-lodgment advice to the Tax Office by 31 October 2005. See page 113 for more details.



e-tax 2005

Prepare your
tax return
electronically
and lodge online

e-tax from the Tax Office

- free, easy to use, safe and secure
- most refunds in 14 days
- link directly to your Centrelink payment summary information
- separate, easy-to-use managed funds area
- tax debts due no earlier than 21 November
- access for the vision impaired
- downloadable file 30% smaller this year

Over one million people already use e-tax.

- Download e-tax from the Tax Office website at **www.ato.gov.au**

WHAT ARE YOUR CHOICES FOR DOING YOUR TAX RETURN?

USE E-TAX, THE EASIEST AND QUICKEST WAY – AND YOU GET A FASTER REFUND

Using our e-tax software you can prepare your tax return on your own computer and lodge it easily, quickly and securely using the internet. e-tax makes doing your tax return easy by asking you questions and completing each section based on your answers. It will work out any capital gain or capital loss for you and estimate your tax refund or tax debt.

We process most tax returns lodged using e-tax within 14 days. If you are eligible for a refund, you will receive it quickly. If you have a tax debt, your debt will not be due before 21 November 2005. Visit our website and lodge your tax return online via e-tax.

DO IT YOURSELF USING TAXPACK 2005

Just follow the instructions on the following pages and make sure you lodge your tax return by 31 October 2005. You should not lodge your tax return if it is incomplete. If you think you will still be missing information on 31 October, ask us if you can lodge at a later date. Page 12 tells you how to do this.

SOMEONE ELSE CAN DO IT FOR YOU

FAMILY MEMBER OR FRIEND

A family member or friend can help you but they cannot charge you a fee.

Even if someone else – a family member, friend or tax agent – helps you to prepare your tax return, you are still legally responsible for its accuracy. See **Self-assessment – it's your responsibility** on page 12.

TAX HELP COMMUNITY VOLUNTEERS

Tax Help is a network of community volunteers trained to help people prepare tax returns, baby bonus claims and claims for refunds of franking credits.

This **free service** is available to people on low incomes – including people who are also seniors, from non-English speaking backgrounds, have a disability, are Aboriginal or Torres Strait Islanders, or students.

See page 19 for more information.

REGISTERED TAX AGENTS

Registered tax agents are the only people who can prepare and lodge your tax return for a fee. You should ensure that you are using a registered tax agent. A list of registered agents can be found at www.tabd.gov.au or you can check with the Tax Agents' Board on **1300 362 829**. If you did not go to a tax agent last year – or you will be going to a different tax agent this year – make sure that you see them before 31 October 2005.

SIGNING YOUR TAX RETURN

You must sign and date the *Taxpayer's declaration* on page 8 of your tax return to confirm that it is true and correct.

Someone else may sign your tax return on your behalf if they have authority to do so under a power of attorney. A certified copy of the current power of attorney must be attached to your return if you have not previously lodged the authority with the Tax Office.

MAKING IT EASIER TO COMPLY

As part of our program to make tax 'easier, cheaper and more personalised' we are currently:

- Piloting a 'short tax return' that can be lodged over the phone or by mail.
- Continuously expanding our online lodgment service, e-tax. For example, linking to:
 - Health Insurance Commission medical expenses information.
 - Centrelink payment summary information.
- Providing calculators and decision tools to help you.
- Tailoring our website to particular audiences, for example, ato.gov.au/youth for under-25s.
- Releasing a personal tax record keeper that will help you keep your tax records for the year.

MORE INFORMATION

You will find more detail about our plans in *Making it easier to comply* and *Compliance Program 2005–06*. These publications are available on our website or, to find out how to get a printed copy, see the inside back cover.

IN THE FUTURE

We are looking at:

- Providing you and your tax agent with access to information from government and non-government agencies that will, if you choose, automatically fill in some sections of your tax return if it is prepared electronically. This will save time and reduce the chance of error in your tax return.
- Advising you that your tax return for a year is 'closed', forgoing, under certain conditions, our right to reopen it at a later date.

Initially we will provide this certainty to a sample of individuals we identify as low risk – taxpayers who have simple tax affairs and a good record of lodging their tax return and paying their tax on time. As we improve our risk profiling, we will expand the initiative to cover more people.

IF YOU NEED MORE HELP

YOU CAN VISIT OUR WEBSITE

You can visit the Tax Office website at www.ato.gov.au for information on anything that you read in *TaxPack*.

You can use the tools and calculators on the website to help you complete your tax return.

YOU CAN PHONE THE TAX OFFICE

You can phone the Tax Office if you need assistance with a question in *TaxPack*, including the supplement, or another matter concerning your tax affairs. (We may ask you for your tax file number or details from your last notice of assessment and some personal details to prove your identity.) If you decide to phone us, please have your *TaxPack* or supplement handy. See the inside back cover for the right phone number to use.

If you would like to visit the Tax Office and speak to us in person, phone for an appointment. Our addresses are listed on page 131.

Do you have a hearing or speech impairment? Use the National Relay or Speech to Speech Relay Service to contact the Tax Office.

Textphone and modem callers may phone through the National Relay Service:

For 1800 toll-free numbers, phone **1800 555 677**
Ask for the 1800 number you require.

For all other numbers, phone **13 36 77**

Callers with a speech/communication impairment may phone through the Speech to Speech Relay Service:

For 1800 toll-free numbers, phone **1800 555 727**
Ask for the 1800 number you require.

For all other numbers, phone **1300 555 727**
Ask for the infoline you require.

YOU CAN ASK FOR A TAXATION RULING

If you have a complex query about your tax affairs, you can ask us for a private ruling that will relate to your particular circumstances.

To do this, complete an *Application for a private ruling for individuals* (NAT 4106-3.2001), which is available on our website or by contacting us.

You should lodge your tax return by the due date, even if you are waiting for the reply to your private ruling. You may need to request an amendment to your tax return once you have received the private ruling.

We publish all private rulings on our website. (Before we publish, we edit the text to ensure we do not publish information that identifies you.) For more information, see the *Application for a private ruling for individuals*.

You can ask for a review of your private ruling if you disagree with it even if you have not received your

assessment. We send you details of the review procedures when we send you your ruling.

BINDING ORAL ADVICE

You can get an oral ruling from the Tax Office over the phone or in person on a simple tax enquiry that relates specifically to your own tax affairs. An oral ruling is binding on the Tax Office in much the same way as a private ruling. This service is called binding oral advice.

Certain conditions apply. Your tax affairs must be simple and you must be able to confirm your identity. Your tax file number and most recent notice of assessment will usually be sufficient proof of identity.

We will confirm your eligibility for binding oral advice by asking you a series of questions to confirm that your enquiry and tax affairs are simple. If you receive binding oral advice the Tax Office will provide you with a registration number for your ruling.

Information on binding oral advice is available on our website. To get further information or to apply for binding oral advice phone the Personal Tax Infoline (see the inside back cover).

PRODUCT RULINGS

Is there a product ruling for a managed investment scheme you have invested in? The Tax Office website has more information about product rulings and lists of current product rulings on the aggressive tax planning website – log onto www.ato.gov.au/atp

A product ruling provides certainty for investors in the arrangement it relates to by confirming that the tax benefits set out in the product ruling are available, provided that the arrangement is carried out in accordance with the details provided by the applicant and described in the product ruling.

PUBLICATIONS

TaxPack referred publications

Because we can't cover everything in *TaxPack*, we will sometimes refer you to other publications that will help you to complete your tax return. Some publications are essential to complete some items. These publications are available on our website or, to find out how to get a printed copy, see the inside back cover.

Tax returns

Additional copies are available from our Publications Distribution Service and shopfronts.

TaxPack 2005 and TaxPack 2005 supplement

From 1 July to 31 October 2005 you can get additional copies of *TaxPack* from most newsagents. Copies are also available all year from our Publications Distribution Service (see the inside back cover) and shopfronts.

DO YOU ALSO NEED TAXPACK 2005 SUPPLEMENT?

TaxPack is divided into two parts:

- *TaxPack 2005* with the *Tax return for individuals 2005*
- *TaxPack 2005 supplement* with the *Tax return for individuals (supplementary section) 2005*.

The list below shows you the questions in *TaxPack 2005 supplement*. Please check to see if you need to use the supplement to complete your tax return.

Questions marked * have a related publication which you must read before you can complete the question. The details are explained at the relevant question.

TAXPACK 2005 SUPPLEMENT

INCOME

- 12** Partnerships and trusts
- 13** Personal services income (PSI) *
- 14** Net income or loss from business *
- 15** Deferred non-commercial business losses *
- 16** Net farm management deposits or withdrawals
- 17** Capital gains *
- 18** Foreign entities
- 19** Foreign source income and foreign assets or property – including foreign source pension or annuity
- 20** Rent
- 21** Bonuses from life insurance companies and friendly societies
- 22** Other income – not listed elsewhere

DEDUCTIONS

- D11** Australian film industry incentives *
- D12** Deductible amount of undeducted purchase price of a foreign pension or annuity
- D13** Non-employer sponsored superannuation contributions – generally for the self-employed
- D14** Deduction for project pool
- D15** Other deductions

TAX OFFSETS

- T7** Superannuation contributions on behalf of your spouse
- T8** Zone or overseas forces
- T9** 20% tax offset on net medical expenses over the threshold amount – the threshold for 2005 is \$1,500
- T10** Parent, spouse's parent, or invalid relative
- T11** Landcare and water facility
- T12** Net income from working – supplementary section
- T13** Other tax offsets

ADJUSTMENTS

- A3** Amount on which family trust distribution tax has been paid
- A4** Amount on which ultimate beneficiary non-disclosure tax was payable

CREDIT FOR INTEREST ON TAX PAID

- C1** Credit for interest on early payments – amount of interest

! NOTE

If you have not received *TaxPack 2005 supplement* and need it, from 1 July to 31 October 2005 you can get a copy from most newsagents. Copies are also available all year from our Publications Distribution Service (see the inside back cover) and shopfronts.

RENTAL PROPERTY INVESTORS

Do you know:

- that rent is income for tax purposes
- what deductions you can claim for your rental property
- how to divide the rental income and expenses between yourself and other owners?

If you have a rental property, read question **20 Rent** on page s27 of *TaxPack 2005 supplement*. To complete question 20 you may need to read *Rental properties 2005* (NAT 1729–6.2005). This guide explains how to treat rental income and expenses, including how to treat more than 230 residential rental property items.

PROPERTY OWNERS

In 2004–05 did you:

- sell a holiday home
- inherit property
- receive property as a result of a divorce?

You could be liable for capital gains tax (CGT) now or in the future.

Read question 17 in the separate booklet *TaxPack 2005 supplement*

Know your entitlements and tax obligations – there are special rules that can reduce or postpone your capital gains tax or even exempt you from capital gains tax in some circumstances.

 FOR MORE INFORMATION:

- Visit our website **www.ato.gov.au**
- Phone the Personal Tax infoline **13 28 61**
- Read the *Guide to capital gains tax 2005*
- See a registered tax agent or other professional tax adviser

AVOID DELAYS TO YOUR TAX REFUND

Use our **Get it right – first time!** insert to check your completed return

Unintentional errors can delay your tax refund. Also, if we have to send your tax return back to you to complete, you could potentially be exposed to a fine for not lodging on time.

Our **Get it right – first time!** insert identifying the common mistakes people make is in the *TaxPack 2005* package.

When you have finished your return, take a few moments to check it.

Work out your refund at the click of your mouse

The calculators and tools on our website will do much of the work for you – you key in your information and they work out the answer for you.

We have calculators that will work out your:

- tax refund or debt
- claims for some work-related expenses (uniforms, self-education and home office)
- Medicare levy
- family tax benefit
- Senior Australians and pensioner tax offset

Other calculators or tools will help you to work out:

- capital gains tax
- the amount you can claim for decline in value (depreciation)
- if you are an Australian resident for tax purposes

We have several other calculators and tools that may help you – and we are building more all the time. Go to our website – they take only minutes to use and you'll get it right – easily – first time.

WHAT'S NEW THIS YEAR?

PRIVATE HEALTH INSURANCE REBATE (QUESTION T5)

The Government has increased the private health insurance rebate from 30% to:

- 35% for policies covering at least one person aged 65 years to 69 years
- 40% for policies covering at least one person aged 70 years and older.

These changes apply to private health insurance cover from 1 April 2005.

Read question **T5** on page 94.

MATURE AGE WORKER TAX OFFSET (NEW QUESTION T12 – SUPPLEMENTARY SECTION)

If you were aged 55 years or older on 30 June 2005, were an Australian resident and received income from working, you may be eligible for the mature age worker tax offset. See page 125 for more information.

The Tax Office will calculate your offset entitlement from the information you provide.

At the time of printing *TaxPack 2005* the mature age worker tax offset legislation had not become law.

WRITTEN EVIDENCE FOR WORK-RELATED EXPENSES

The Tax Office has expanded the types of documents that you can use for written evidence to substantiate your work-related expenses.

Read **What is written evidence?** on pages 40–1.

TAX LOSSES OF EARLIER INCOME YEARS (QUESTION L1)

The Treasurer has announced that where your 2004–05 return discloses relevant loss information about earlier income years, the Tax Office will be limited to six years from the lodgment date of that return to issue an assessment for those prior loss years.

If you have tax losses you have brought forward from earlier income years, you must fill in item **L1** even if you cannot claim a deduction for those losses this year.

Correct completion of this question will provide all your relevant loss information and commence this six-year period.

Read question **L1** on page 69 for more information.

CONTRIBUTIONS TO FUND-RAISING EVENTS (QUESTION D8)

From 1 July 2004 you may be able to claim a deduction for a contribution of money or property relating to an eligible organisation's fund-raising event even if you received a minor benefit in return. To be eligible to claim a deduction, your contribution and the benefit must meet certain conditions.

Read question **D8** on page 62 for more information.

GOVERNMENT SUPER CO-CONTRIBUTIONS

On 1 July 2004, the Government Super Co-contribution increased from \$1 to \$1.50 for every \$1 of your personal superannuation contributions, up to a maximum of \$1,500 a year.

The maximum Super Co-contribution is now available where your total income (that is, your assessable income plus reportable fringe benefits) is \$28,000 or less. The Super Co-contribution reduces by 5 cents for every dollar that your total income exceeds \$28,000, and cuts out when it reaches \$58,000. Previously, you were not entitled to the Super Co-contribution if your total income was \$40,000 or more.

The Tax Office will work out your eligibility for the Super Co-contribution based on the income details you provide in your tax return and the contributions your superannuation fund or retirement savings account (RSA) provider has reported to us. We will pay your entitlement into your superannuation account. For more information visit our website or phone the Superannuation Infoline (see the inside back cover).

FOREIGN RESIDENT WITHHOLDING (FRW)

From 1 July 2004, the pay-as-you-go (PAYG) withholding system applies to the following payments made to foreign residents:

- payments for promoting or organising casino gaming junkets
- payments for entertainment and sports activities
- payments under contract for the construction, installation and upgrading of buildings, plant and fixtures and for related activities.

If you have received any of these payments and had FRW amounts withheld from them, read question **14** (or question **12** for partnership or trust income subject to FRW) in the *TaxPack 2005 supplement*. You may also need the publication *Business and professional items 2005* (NAT 2543–6.2005).

IMPORTANT MESSAGES

TaxPack 2005 will help you complete your *Tax return for individuals 2005* for the income year 1 July 2004 to 30 June 2005. There are two copies of the tax return and an envelope for lodgment in each *TaxPack 2005* package. If you need more copies of the tax return see page 7.

To check if you have to lodge a tax return this year read **Do you have to lodge a tax return?** on page 2.

SELF-ASSESSMENT – IT'S YOUR RESPONSIBILITY

Under our system of self-assessment the Tax Office prepares *TaxPack*, *TaxPack supplement* and our other tax-time publications annually to provide you with the information and guidance you need to complete your tax return. It is your responsibility to lodge a tax return that is signed, complete and correct. We then use the information on your tax return to issue your notice of assessment.

When you receive your notice of assessment, you may find that we have made some adjustments – for example, you may have made an error adding up your figures. However, we do not check everything in your tax return before issuing your notice of assessment.

The Tax Office may not initially adjust any claims you make on your tax return. We do not take responsibility for checking that your tax return details are correct – that is your responsibility.

At a later date we may check some of the details on your tax return more thoroughly. Under the law, the Tax Office is allowed four years (depending on your circumstances – see **A shorter period of review** on this page) where it can review a tax return and may increase or decrease the amount of tax payable. This period of review is extended where tax avoidance is involved.

Please remember, even if someone helps you to complete your tax return, you must sign the *Taxpayer's declaration* and you are responsible for the information provided on your tax return. Another person may sign your tax return on your behalf if they have authority to do so under a power of attorney. A certified copy of the current power of attorney must be attached to your return if you have not previously lodged the authority with the Tax Office.

If, after lodging your tax return, you believe you have made a mistake see page 114 to find out what to do.

A SHORTER PERIOD OF REVIEW

You are eligible for a two-year shorter period of review if you are an Australian resident and have simple tax affairs. A shorter period of review will apply to you for the 2004–05 income year if:

- you only received income from salary or wages (other than from associates), pensions, benefits or allowances paid by the Government, interest (from financial institutions and government bodies), and dividends (from resident public listed companies), and

- you were only entitled to deductions for the cost of managing tax affairs, account-keeping fees and cash gifts or donations.

You are still eligible for a shorter period of review if you hold a capital gains tax asset and did not dispose of it (resulting in a capital gain or capital loss) in the 2004–05 income year.

If you are eligible for the two-year shorter period of review:

- a two-year period applies for the Tax Office to review and amend your assessment
- you only need to keep certain tax records for the two-year period (see page 19), and
- you must make any objection or amendment request within the two-year period (see page 114).

We will advise you on your *2005 notice of assessment* that you may qualify for the shorter period of review for 2004–05.

LODGE YOUR TAX RETURN BY 31 OCTOBER 2005

You have from 1 July 2005 to 31 October 2005 to lodge your tax return, unless it is prepared by a registered tax agent.

Don't delay sending your tax return, even if you think you will owe tax. The earliest due date for payment of any 2004–05 personal income tax debt is 21 November 2005. If you lodge your own tax return by 31 October 2005, your tax is payable by the date specified on your notice of assessment.

If you lodge your income tax return late, or not at all, any tax will be payable on 21 November 2005 and a general interest charge will be calculated from that date. In addition a penalty for failure to lodge on time may be applied (see the information on the next page).

If you cannot lodge by 31 October 2005 due to circumstances beyond your control, contact us as soon as possible – and certainly before 31 October 2005 – to find out if you can lodge at a later date. Phone the Personal Tax Infoline (see the inside back cover) or send a written request to the address that appeared on your 2004 notice of assessment, if you have one, or to your nearest tax office (see page 131). Explain why you need to lodge late and suggest another date. We will consider your request and contact you.

The following explanations will not normally be accepted as reasons for allowing a late lodgment: a delay in receiving your payment summary, losing your payment summary, or being absent from Australia.

If you have not received your payment summary or you have lost it, see **You need to know** on page 18 for information on what you can do about late or lost payment summaries.

FAILURE TO LODGE ON TIME PENALTY

We may apply a failure to lodge on time penalty if you lodge your tax return late.

If your tax return is incomplete – for example, if it is not signed or a payment summary is missing – we may send it back to you asking you to complete it and return it to us. We consider that your tax return has not been lodged until it is returned to us complete.

Generally, we apply a penalty of \$110 for every 28 days (or part thereof) your tax return is overdue, to a maximum of \$550. We may apply the penalty even where there is no tax payable. However, our policy is not to apply a penalty where your tax return:

- is lodged voluntarily, and
- does not result in any tax payable.

We are likely to apply the penalty if:

- you have more than one tax return outstanding OR
- you have a poor lodgment history OR
- you have not complied with a request to lodge your tax return.

The penalty is in addition to any general interest charge that may apply if you have **any tax amount outstanding after** the due date.

FAMILY TAX BENEFIT

If you are a family tax benefit (FTB) tax claimant, for you to have any entitlement to FTB:

- you must lodge your 2005 FTB tax claim by 30 June 2007 AND
- you must lodge your 2005 tax return AND
- your spouse (if you have one) must also lodge their 2005 tax return, if they are required to do so.

For FTB purposes, you will have until 30 June 2007 to lodge your 2005 tax returns. However, the Tax Office may impose a penalty if you lodge your tax return after the due date for tax returns – see **Lodge your tax return by 31 October 2005** on the previous page. If you have not already done so, you have until 30 June 2006 to lodge any 2004 FTB tax claim.

If you and your spouse (if you have one) received FTB, you need to lodge your 2005 tax returns before 1 July 2006 – if you do not, the full FTB amount you received in the 2005 income year may be treated as a debt. If you lodge these tax returns after 30 June 2007, you will not be entitled to any top-up that may otherwise have been due to you.

If you or your spouse are not required to lodge a tax return you should advise the Family Assistance Office (FAO) (see the inside back cover) by 30 June 2006.

For more information see pages 75–8.

CHILD CARE TAX REBATE

At the time of publication, legislation was being developed for the new child care tax rebate which is intended to apply from 1 July 2004.

Under the proposed measure, if you receive child care benefit (CCB) for approved care and satisfy the CCB work/training/study test in 2004–05 or subsequent income years, you may also be able to claim the child care tax rebate. You will be entitled to 30% of your out-of-pocket child care expenses up to a maximum of \$4,000 per child. Out-of-pocket expenses are total child care fees less CCB.

The rebate is claimed in your tax return for the year after the child care expenses were paid. If you intend to claim the rebate in your 2006 tax return for expenses incurred in the 2004–05 income year you should keep your child care receipts as well as the letter from the Family Assistance Office advising you of your CCB outcome. The Tax Office and Centrelink are exploring other options for those who have not kept their receipts for 2004–05.

Further information about the proposed child care tax rebate is available on our website or phone our Personal Tax Infoline (see inside back cover).

COMPLETING PAGE 1 OF YOUR TAX RETURN

The Tax Office requires the information you provide on page 1 of your tax return before we can start processing it. It is important that you complete this page accurately to avoid delays.

Many of the items on page 1 of your tax return relate to your personal details and need no explanation. For the tax-related items we have provided some additional information to help you complete them. If you need further help, phone the Personal Tax Infoline (see the inside back cover).

YOUR TAX FILE NUMBER (TFN)

If you already have a tax file number, it will be shown on your last notice of assessment or the payment summary you received from your employer or other payer. If you cannot find your TFN, phone the Personal Tax Infoline. You will need to provide personal information to confirm your identity.

If you do not have a TFN, phone the Personal Tax Infoline to get a *Tax file number application or enquiry for an individual* (NAT 1432–7.2004). You will need to provide original, unaltered documents that prove your identity with the application. You will find a list of acceptable proof-of-identity documents on the application.

ARE YOU AN AUSTRALIAN RESIDENT?

The tax rates that apply to your taxable income depend on whether or not you are an Australian resident. A higher rate of tax is applied to a non-resident's taxable income and non-residents are not entitled to a tax-free threshold. See pages 121–2 for more information.

The standards the Tax Office uses to determine your residency status are not the same as those used by the Department of Immigration and Multicultural and Indigenous Affairs or Centrelink.

Generally, we consider you to be an Australian resident for tax purposes if:

- you have always lived in Australia or you have come to Australia and live here permanently, or
- you have been in Australia continuously for six months or more and for most of that time you worked in the one job and lived at the same place, or
- you have been in Australia for more than half of the tax year 2004–05 – unless your usual home is overseas and you do not intend to live in Australia.

If you go overseas temporarily and you do not set up a permanent home in another country, we may continue to treat you as an Australian resident for tax purposes.

Overseas students who come to Australia to study and are enrolled in a course that is more than six months long are generally treated as Australian residents for tax purposes.

If you need help in deciding whether or not you are an Australian resident for tax purposes, you can go to our **Are you a resident?** tool on our website or phone the Personal Tax Infoline.

! HAS YOUR RESIDENCY STATUS CHANGED?

If your residency status for tax purposes has changed during 2004–05, you will need to answer question **A2** on pages 110–1. We need this information to work out your tax-free threshold.

WILL YOU NEED TO LODGE AN AUSTRALIAN TAX RETURN IN THE FUTURE?

This may be your last tax return if:

- your annual taxable income in the future will be below the tax-free threshold (\$6,000 for 2005–06), or
- your only source of income in the future will be an Australian Government pension, or
- you will become eligible for the senior Australians tax offset in the income year 2005–06, and your taxable income is below the threshold for lodging a tax return this year (for eligibility and threshold levels for 2004–05, see pages 2–3), or
- you are moving overseas permanently.

DECEASED ESTATE – ARE YOU LODGING A TAX RETURN FOR SOMEONE WHO DIED DURING THE YEAR?

Page 3 will tell you if you need to complete a tax return.

If a tax return is required, prepare it for the income year up to the date of death.

Print DECEASED ESTATE on the top of page 1 of the tax return and print **X** in the **NO** box at **Will you need to lodge an Australian tax return in the future?** The executor or administrator of the estate must sign the tax return on behalf of the deceased person and send it to the Tax Office.

Certain types of income received after the date of death may need to be shown in a trust tax return. If you have any questions, phone the Personal Tax Infoline.

ELECTRONIC FUNDS TRANSFER (EFT)

Direct refund

Using EFT, we can deposit your tax refund, family tax benefit and/or any baby bonus directly into the Australian bank, credit union or building society account of your choice. An EFT deposit will give you quicker access to your money. Direct deposit of your refund is not available on the full range of accounts. If you are in doubt, check with your financial institution.

If you would like to use EFT, print **X** in the **YES** box on page 1 of your tax return at the question **Do you want to use electronic funds transfer (EFT) this year for your tax refund or family tax benefit payment where applicable?**

If you used EFT last year and want to use the same account this year, there is no need to provide the account details again.

! IMPORTANT

Be careful your account details are correct – if you give another person's account details, your refund will go into that account.

If you used a tax agent last year but are preparing your own tax return this year, remember to change the account details to your chosen account.

If your EFT details have changed since your last return, or if you are providing EFT details for the first time, complete the following steps:

STEP 1 Write the BSB (bank state branch) number. Do not include spaces, dashes or hyphens. The BSB number is the six-digit number that identifies a financial institution. It can be found on an account statement or a cheque form. If you do not know the BSB number, or the one you have has fewer than six digits or is for a credit union account, check with the financial institution.

STEP 2 Write the account number as shown on the account records. Do not include spaces. An account statement, cheque book or other document from the financial institution will show this information. You cannot use an account number that has more than nine characters (numbers or letters).

STEP 3 Print the account name (also called the account title) as shown on the account records. Include a space between each word and between any initials in the account name. Do not print the account type – savings, cheque, mortgage offset etc.

➤ MORE INFORMATION

If you need more information on using EFT for your refund, phone the EFT Infoline (see the inside back cover).

Direct debit

If you have a tax debt, your notice of assessment will show a due date for payment. If you want to pay using EFT direct debit from your account, phone the EFT Infoline.

If you have provided us with a *Direct debit request* but your notice of assessment does not state that the payment will be debited from your account, phone the EFT Infoline.

EXEMPT INCOME – INCOME YOU DO NOT PAY TAX ON

You may have received income that is exempt from tax and you do not need to include it on your tax return as income. However, some questions in *TaxPack* ask you to show your or your spouse's exempt income. The most common types of exempt income you may have received are listed here.

EXEMPT AUSTRALIAN GOVERNMENT PENSIONS, ALLOWANCES AND PAYMENTS

Pensions

- carer payment where both the carer and either the care receiver or all of the care receivers are under age pension age, or the carer is under age pension age and any of the care receivers has died
- Defence Force income support allowance (DFISA) where the pension, payment or allowance to which it relates is exempt
- disability support pension paid by Centrelink to a person who is under age pension age
- double orphan pension
- invalidity service pension where the veteran is under age pension age
- partner service pension where both the partner (excluding the non-illness separated spouse of a veteran) and the veteran are under age pension age and the veteran receives an invalidity service pension, or the veteran has died and received an invalidity service pension at the time of death
- Veterans' Affairs disability pension and allowances, war widow's and war widower's pension
- wife pension where both the recipient and partner are under age pension age or the recipient is under age pension age and the partner has died

! NOTE

Superannuation Act 1976 and *Defence Forces Retirement Benefits Act 1948* pensions and payments are taxable. Show them on your tax return at item 7.

Lump sum bereavement payments received as part of any of the above payments are exempt only up to the tax-free amount. Phone our Personal Tax Infoline (see the inside back cover) to find out how much of your payment is exempt.

Education payments

- supplementary allowances for students paid under the Assistance for Isolated Children Scheme
- allowances for students under 16 years of age including those paid under ABSTUDY, austudy payment, youth allowance, Assistance for Isolated Children Scheme, Commonwealth secondary education assistance and the Veterans' Children Education Scheme
- Australian-American Educational Foundation grant
- Commonwealth scholarships or bursaries provided to foreign students

- Commonwealth secondary assistance other than that already referred to
- pensioner education supplement and fares allowance paid by Centrelink
- some scholarships and bursaries received by full-time students
- language, literacy and numeracy supplement

Other payments

- carer allowance paid under the *Social Security Act 1991*
- child care benefit
- The one-off carer bonus announced in the 2005 Budget – for recipients of the carer payment, a \$1000 bonus payment, and for recipients of the carer allowance, \$600 for each eligible person you care for.
- DFISA bonus
- disaster relief payment
- employment entry payment
- family tax benefit
- the one-off payment of \$600 per child under the *Family Assistance Legislation Amendment (More Help for Families – One-Off Payments) Act 2004*
- farm household support payments that have been converted to a grant
- Super Co-contributions
- lump sum pension bonus paid under the *Social Security Act 1991* or the *Veterans' Entitlements Act 1986*
- maternity allowance
- maternity immunisation allowance
- maternity payment
- mobility allowance paid under the *Social Security Act 1991*
- open employment incentive bonus
- payments from the Australian Government under the incentives payments scheme relating to certain private health insurance policies
- pharmaceutical allowances paid under the *Social Security Act 1991* or the *Veterans' Entitlements Act 1986*
- remote area allowance
- rent assistance
- sugar industry exit grant
- telephone allowance paid under the *Social Security Act 1991* or the *Veterans' Entitlements Act 1986*
- utilities allowance and seniors concession allowance paid under the *Social Security Act 1991* or the *Veterans' Entitlements Act 1986*
- loss of earnings allowance paid by Veterans' Affairs

EXEMPT DEFENCE FORCE AND UNITED NATIONS PAYMENTS

- certain pay and allowances for Defence Force personnel – your employer will advise you if an amount is exempt
- compensation payments for impairment or incapacity resulting from service with a United Nations armed force
- compensation payments made under the *Military Rehabilitation and Compensation Act 2004*
- pay and allowances for part-time service in the Australian Naval, Army or Air Force Reserve
- some allowances paid to Defence Force personnel who served in prescribed overseas areas – your employer will advise you if an allowance is exempt

OTHER EXEMPT PAYMENTS

- amounts on which family trust distribution tax has been paid (see question **A3** on page s60)
- Japanese internment compensation payments made under the *Compensation (Japanese Internment) Act 2001* or the *Veterans' Entitlements Act 1986*
- certain payments relating to persecution during the Second World War
- compensation payments received under the German Forced Labour Compensation Programme (GFLCP)
- certain annuities and lump sums which are paid to an injured person under a structured settlement
- most child support or spouse maintenance payments
- Mortgage and Rent Relief Scheme payments

NOTE

For information on the type of payment you received, contact the agency or person that paid you.

If you are unsure if a payment is exempt income, phone the Personal Tax Infoline (see the inside back cover).

QUESTION 1

SALARY OR WAGES

1

Did you receive payments of salary, wages, commissions, bonuses etc, including income earned from part-time and casual jobs, from which tax was withheld?

Include amounts for lost salary or wages paid under an accident or insurance policy or worker's compensation scheme if tax was withheld from the payment.

NO Go to question 2.

YES Read below.

STOP

Do not show the following payments at this question or you may be taxed incorrectly:

- amounts shown on any payment summary other than the *PAYG payment summary – individual non business*
- Australian Government pensions, allowances and payments
- amounts paid from a Community Development Employment Project (CDEP)
- amounts in the 'Allowances' and 'Lump sum payments' boxes on your payment summary
- amounts in the 'Other income' box on your payment summary – if this is exempt income you will not need to show that amount on your tax return; if this is foreign employment income refer to the Index
- foreign employment income (including working overseas)
- reportable fringe benefits amounts
- income from an Australian annuity or superannuation pension
- income paid to you as a partner in a partnership.

Other questions deal with these matters. Refer to the relevant topics in the Index.

NOTE

- Employers are payers.
- Employees are payees.

WHAT YOU NEED

To complete this question you need your *PAYG payment summary – individual non business* which shows:

- your gross income (in the 'Gross payments' box on your payment summary)
- total tax withheld, and
- your payer's Australian business number (ABN) or withholding payer number (WPN).

YOU NEED TO KNOW

Late, lost or wrong payment summaries, letters or signed statements from your payer

If you do not have all of your documents, or any are wrong, contact your payer. Ask your payer to give you a signed copy of your payment summary, or a letter or signed statement showing the correct details.

If you are unable to get these documents from your payer, you will need to complete the *Statutory Declaration for PAYG payment summary – individual non-business and ETP payment summary* (NAT 4135–6.2005), available from the Tax Office, and attach it to page 3 of your tax return. You will need a separate statutory declaration for each payer for whom you have no documents.

This statutory declaration identifies the categories of information you need to show on your tax return, such as the period or periods covered by your missing documents during which payments were made, the names of your payers, the amounts of tax withheld and the amount of gross payments you earned.

To find out how to get this statutory declaration, see the inside back cover.

NOTE

If you lodge your tax return without a payment summary, signed copy, letter or statement from your payer – or a statutory declaration showing the correct details – we may send your tax return back asking you to lodge it again with the necessary documents. If you do not lodge your tax return by the due date, you may incur a penalty.

COMPLETING THIS QUESTION

STEP 1 Print the occupation from which you earned most of your salary or wages included at this question in the **Your main salary and wage occupation** box at item 1 on your tax return.

STEP 2 Print the payer's ABN or WPN shown on each payment summary, signed copy, letter or statement from your payer – or statutory declaration you have completed – in a **Payer's Australian business number** box at item 1 on your tax return.

STEP 3 Write the amount of tax withheld as shown on each payment summary, signed copy, letter or statement from your payer – or statutory declaration you have completed – at the left of **C** to **G** item 1 on your tax return. Do not show cents.

STEP 4 Write the amount of gross payments shown on each payment summary, signed copy, letter or statement from your payer – or statutory declaration you have completed – at **C** to **G** item 1 on your tax return. Do not show cents. If the gross payment is exempt from

tax or is foreign employment income (including working overseas) which you show at item **19** on your tax return (supplementary section), show **0** as the gross payment.

Do you have more than five payers?

The tax return only has spaces for information from five payment summaries, signed copies, letters or statements from your payers – or statutory declarations. If you have more than five, complete steps 2 to 4 in this question for your first four documents only. For your remaining documents, add up the tax withheld shown on these documents and write the total at the left of **G** item **1** on your tax return. Do not show cents. Leave the **Payer's Australian business number** box at the left of **G** blank.

Also add up the amounts of gross payments shown on these documents and write the total at **G** item **1** on your tax return. Do not show cents.

CHECK THAT YOU HAVE . . .

- printed on your tax return your occupation
- printed on your tax return the Australian business numbers or withholding payer numbers of your payers
- written on your tax return the amounts of tax withheld
- written on your tax return the amounts of gross payments
- attached to page 3 of your tax return the 'Payee's Tax Return Copy' of all your payment summaries, signed copies, letters or statements from your payers, or the statutory declarations you have completed
- copies of your payment summaries, signed copies, letters or statements from your payers, or the statutory declarations you have completed.

! KEEP YOUR RECORDS

You need to keep these records:

- for five years after the end of the income year, or
- if you are subject to a shorter period of review (see page 12)
 - for two years after the due date for payment if you have a notice of assessment showing a tax debt, or
 - for two years from the 30th day after you receive a notice of assessment advising you that no tax is payable.

Tax Help – serving the community

ARE YOU ON A LOW INCOME?

FREE HELP WITH YOUR TAX RETURN


If you want to complete your own tax return, application for a refund of franking credits or baby bonus claim but think you may need some assistance, then Tax Help may be the answer. We train and support this network of community volunteers to help you.

Tax Help is a free and confidential service for people on low incomes. People who use Tax Help include seniors, people from non-English speaking backgrounds, people with a disability, Aboriginal people, Torres Strait Islander people, and students.

Volunteers can explain your tax obligations and help you prepare your tax return accurately. They can help you if you have income from Australian and overseas pensions, salary

or wages, interest, dividends and government allowances and benefits. Volunteers cannot help with more complex tax affairs such as business income and income from rental properties.

There are Tax Help centres throughout Australia. If you want to visit one of the trained volunteers you need to make an appointment. Take all your relevant papers with you when you visit.

 For more information, or to find out where your nearest Tax Help centre is, phone the Personal Tax Infoline on **13 28 61**.

QUESTION 2

2

ALLOWANCES, EARNINGS, TIPS, DIRECTOR'S FEES ETC

2

INCOME

Did you receive any income from working (whether or not it is shown on a PAYG payment summary – individual non business)?

This income might include:

- allowances
- payments of salary, wages, commissions, bonuses etc, including income earned from part-time and casual jobs, from which tax was NOT withheld
- tips, gratuities and payments for your services
- consultation fees and honoraria – payments for voluntary services
- jury attendance fees – except where you have to pay the fees to your employer because you received your normal employment income while you were on jury duty.

Show at this question income from sickness and accident insurance policies shown on a payment summary where no tax has been withheld.

NO Go to question 3.

YES Read below.

STOP

Do not show the following payments at this question or you may be taxed incorrectly:

- salary or wages shown at item 1
- amounts shown on any payment summary other than the *PAYG payment summary – individual non business*
- Australian Government pensions, allowances and payments
- lump sum payments in arrears shown at E in the 'Lump sum payments' box on your payment summary
- reportable fringe benefits amounts
- amounts in the 'Other income' box on your payment summary – if this is exempt income you will not need to show that amount on your tax return; if this is foreign employment income, refer to the Index
- income from sickness and accident insurance policies NOT shown on a payment summary
- foreign employment income (including working overseas)
- income paid to you as a partner in a partnership
- income you earned because you were self-employed, including commission income
- income you earned as a non-employee taxi driver (for example, a driver operating under a standard bailment agreement with an owner/operator) – for tax return purposes, this is income earned as a sole trader.

Other questions deal with these matters. Refer to the relevant topics in the Index.

NOTE

- Employers are payers.
- Employees are payees.

WHAT YOU NEED

- your *PAYG payment summary – individual non business*
- other details of your income.

If you do not have all of your documents, contact the person who paid you.

YOU NEED TO KNOW

Allowances and earnings from your payer may include:

- car, travel or transport allowances
- award transport payments – these are allowances covering either transport or car expenses which are paid under an industrial law or award that was in force on 29 October 1986
- allowances for tools, clothing or laundry
- dirt, height, site, risk, meal or entertainment allowances
- allowances for qualifications – for example, a first aid certificate
- any reimbursement of car expenses – calculated by reference to the distance travelled by the car – which is an exempt car expense payment benefit for fringe benefits tax purposes.

Jury fees can include attendance fees and travel and meal allowances. Only the attendance fees shown on your payment summary are assessable for tax.

Reasonable travel allowances and award overtime meal allowances not shown on a payment summary

Payers do not have to show travel and award overtime meal allowances on payment summaries unless the allowances exceed the Commissioner's reasonable allowance amounts. If you have received such an allowance and it is not shown on your payment summary, you do not have to include it as income at this question providing you have spent all the allowance on deductible expenses and you are not making a claim for expenses relating to the allowance in your tax return (see question **D2** for travel expenses and question **D5** for award overtime meal expenses).

Deductions

You cannot automatically claim a deduction just because you got an allowance. Carefully read the **Deductions** section that starts on page 40.

▶ COMPLETING THIS QUESTION

STEP 1 At the left of **K** item **2** on page 2 of your tax return write the total amount of tax withheld from allowances, earnings and other salary and wage income. Do not show cents.

Do not include any amounts already shown on your tax return.

STEP 2 Add up all your allowances, earnings and other salary and wage income. Do not include amounts listed in the **Stop** box on the previous page.

Include all allowances and earnings you received, whether or not they are shown on a payment summary, signed copy, letter or statement from your payer.

Make sure you include any reimbursements of car expenses you received that were worked out by reference to the distance travelled by the car.

STEP 3 Write the total at **K** item **2** on your tax return. Do not show cents.

CHECK THAT YOU HAVE . . .

- written on your tax return the total amount of tax withheld from allowances, earnings and other salary and wage income
- written on your tax return the total amount of allowances, earnings and other salary and wage income required to be shown
- attached to page 3 of your tax return the 'Payee's Tax Return Copy' of all your payment summaries; signed copies, letters or statements from your payers; or the statutory declarations you have completed
- copies of your payment summaries, or signed copies, letters or statements, or your statutory declarations.

! You need to keep your records as evidence (see **Keep your records** on page 19).

QUESTION 3

3

LUMP SUM PAYMENTS

3

INCOME

Did you receive any lump sum payments for unused annual leave or unused long service leave?

NO Go to question 4.

YES Read below.

STOP

Do not show at this question:

- Approved early retirement scheme payments and bona fide redundancy payments shown as lump sum D on your payment summary. These amounts are often paid at the same time as an eligible termination payment (ETP). Lump sum D amounts are not taxed and are not shown as income at any question on your tax return. If you received an ETP, complete question **4 Eligible termination payments**.
- Lump sum payments in arrears shown as lump sum E on your payment summary. These amounts are dealt with at question **22 Other income** in *TaxPack 2005 supplement*.

WHAT YOU NEED

- your *PAYG payment summary – individual non business* showing an amount at A or B in the lump sum payments box, or
- a signed copy, letter or statement from your payer.

What are the amounts at A and B?

The amount at A was paid to you:

- for unused long service leave that accrued after 15 August 1978 if you left your job because of bona fide redundancy, invalidity or under an approved early retirement scheme
- for unused annual leave if you left your job because of bona fide redundancy, invalidity or under an approved early retirement scheme
- for unused long service leave that accrued after 15 August 1978 and before 18 August 1993 if you did not leave your job because of bona fide redundancy, invalidity or under an approved early retirement scheme, or
- for unused annual leave that accrued before 18 August 1993 if you did not leave your job because of bona fide redundancy, invalidity or under an approved early retirement scheme.

The amount at B was paid to you for unused long service leave which you accumulated before 16 August 1978.

COMPLETING THIS QUESTION

What to do with amounts shown at A on your payment summary, signed copy, letter or statement

STEP 1 Add up the amounts of tax withheld as shown on each payment summary, signed copy, letter or statement from your payer. Do not include any amounts already included at questions **1** or **2**. Write the total at the left of **R** item **3** on your tax return. Do not show cents.

STEP 2 Add up the amounts shown at A on each payment summary, signed copy, letter or statement from your payer. Write the total at **R** item **3** on your tax return. Do not show cents.

STEP 3 If you left your job because of bona fide redundancy, invalidity or under an approved early retirement scheme, print the letter **R** in the **TYPE** box . Otherwise, print the letter **T** in the **TYPE** box . Check with your payer if you are not sure.

What to do with amounts shown at B on your payment summary, signed copy, letter or statement

STEP 1 Add up the amounts of tax withheld as shown on each payment summary, signed copy, letter or statement from your payer. Do not include any amounts already included at questions **1** or **2** or at step 1 above. Write the total at the left of **H** item **3** on your tax return. Do not show cents.

STEP 2 Add up the amounts as shown at B on each payment summary, signed copy, letter or statement from your payer. Then divide by 20 to work out 5% of the amount.

STEP 3 Write the answer from step 2 at **H** item **3** on your tax return. Do not show cents.

CHECK THAT YOU HAVE . . .

- written on your tax return the amounts of tax withheld
- written on your tax return the amounts of income
- attached to page 3 of your tax return the 'Payee's Tax Return Copy' of all your payment summaries, signed copies, letters or statements from your payers.

QUESTION 4

ELIGIBLE TERMINATION PAYMENTS

4

4

INCOME

Did you receive an eligible termination payment (ETP)?

If you received a lump sum payment that fits the description of one of the payments set out below – particularly if an ETP payment summary accompanied your lump sum – it is likely to be an ETP.

On an ETP payment summary, your ETP is the assessable amount shown at 'Section 3 - ETP cash payment details'.

STOP

Do not show at this question a lump sum payment you received:

- on termination of foreign employment, or
- from a non-resident superannuation fund.

Show these at question **19** in *TaxPack 2005 supplement*.

If you entered Australia on a temporary resident's visa and have permanently departed Australia, you may have received a **departing Australia superannuation payment** from your superannuation fund. This payment is not an ETP and does not form part of your assessable income. Do not show it anywhere on your tax return.

NO Go to question 5.

YES Read below.

YOU NEED TO KNOW

An ETP can be one of the following:

- A lump sum paid to you by your employer when you retired or ceased employment, such as:
 - a payment in lieu of notice or a 'golden handshake'
 - a payment for unused sick leave or unused rostered days off
 - compensation for loss of a job or wrongful dismissal
 - a bona fide redundancy payment or an approved early retirement scheme payment that exceeded the tax-free threshold for such payments – currently \$6,194 plus \$3,097 for each complete year of service
 - a payment received because of invalidity.
- A lump sum payment from a superannuation fund, approved deposit fund, retirement savings account or life assurance company, such as:
 - payments received when you changed your superannuation pension or annuity into a lump sum
 - payments received when you made a withdrawal from an approved deposit fund
 - other payments from a superannuation fund, excluding a pension or annuity or a departing Australia superannuation payment.

- A similar payment to those above, paid to you as the beneficiary of a person who has died. We call this a 'death benefit ETP'. However, if the payments were made to you as the trustee of a deceased estate they must be shown in a trust tax return, not on your personal tax return.
- A payment from the Tax Office of amounts collected from an employer under the Superannuation Guarantee or paid to the Superannuation Holding Accounts Special Account.

If you are still unsure whether the payment you received is an ETP, visit our website at www.ato.gov.au/super or phone the Superannuation Infoline (see the inside back cover).

What if your ETP was 'rolled over'?

You roll over your ETP when you transfer a part or all of it to a complying superannuation fund, retirement savings account or an approved deposit fund; or use part or all of it to buy an annuity. When you roll over some or all of your ETP, the tax payable on the rolled-over component is deferred until the benefit is received.

MORE INFORMATION

- *Eligible termination payments: an employee's guide to lump sum payments from your employer* (NAT 2700), and
- *Eligible termination payments: an individual's guide to lump sum superannuation payments* (NAT 2701).

These publications are available on our website or, to find out how to get a printed copy, see the inside back cover.

WHAT YOU MAY NEED

- Your ETP payment summary. If you have lost it, you will need a signed copy of the summary, or a letter or statement from your payer that shows all the details of your ETP. If you think the details on your ETP payment summary are wrong, contact the person who prepared it.
- Your *Reasonable benefit limit determination* form. We will have sent it to you if you need it.

Your reasonable benefit limit (RBL) is the maximum amount of retirement and other employment termination benefits you can receive that are taxed at concessional (reduced) rates. In most cases, the payer of the ETP will have reported the payment to the Tax Office, and we would have worked out whether your benefit was within your RBL. We would have sent you an RBL determination only if some or all of your benefits were above your RBL. We work out the **excessive component** (see **Definitions** on the next page) and adjust the other components of your eligible termination

payment (ETP). These would also be shown on your RBL determination. You then use the information on the RBL determination instead of the related ETP payment summary. If you are unsure whether you need an RBL determination or if you have any enquiries regarding your RBL, visit our website or phone the Superannuation Infoline. You can also write to: RBL Section, PO Box 277, WTC, VIC 8005.

Working out the assessable amount

Part A, Part B and Part C below, and the steps in **Completing this question** will show you how to work out your assessable amount. This is the amount to include at item 4 on your tax return. We work out the tax based on the components of your ETP and it is therefore important that you attach your ETP payment summaries and RBL determinations to page 3 of your tax return.

If you lodge your tax return with ETP income at item 4 but without an ETP payment summary, signed copy of it, or letter or statement from your payer, we will send your tax return back asking you to lodge it again with the necessary document.

If you received more than one ETP, check parts A, B and C on this page for each ETP. You may need to add totals before transferring them to your tax return.

PART A

Did you roll over all of an ETP?

NO Go to **Part B**.

YES Read below.

Your tax on this ETP will be deferred and you do not need to work out its assessable amount for 2004–05. If you have no other ETPs go to question 5.

If you had other ETPs that you did not roll over in total, check **Part B** and **Part C** to see which applies to them.

PART B

Were you aged 55 or older when you received an ETP that you did not roll over?

NO Go to **Part C**.

YES Read below.

Low rate threshold

If you were aged 55 or older when you received your ETP and have a post-June 1983 component shown on your ETP payment summary, some or all of this portion of the ETP may be taxed at a lower rate – up to a lifetime limit called the ‘low rate threshold’ (see the table on this page). The limit is indexed each year.

The low rate threshold applies to the total of all the post-June 1983 components (taxed and untaxed) you have received since 1 July 1988, provided you were 55 years or older at the time of receiving the ETP.

Once the limit has been used up, you cannot use it in future years, though you may use any amounts added for annual indexation. If you exceed this limit you will pay tax on the amount in excess of the threshold at the rates set out in the table on page 26.

If you turned age 55 **on or after 1 July 1988** and you did not receive the benefit of the low rate threshold increased by indexation, write to the Tax Office. In the letter, state your age at the time you received the ETP, the amount of the ETP, the amount of the post-June 1983 component and the name and address of the payer. Enclose copies of any ETP group certificates or payment summaries you received from the payer. We will work out whether you are entitled to have the amount of tax on your ETP recalculated.

LOW RATE THRESHOLDS

2004–05	\$123,808	1995–96	\$83,574
2003–04	\$117,576	1994–95	\$79,975
2002–03	\$112,405	1993–94	\$77,796
2001–02	\$105,843	1992–93	\$76,949
2000–01	\$101,188	1991–92	\$73,776
1999–2000	\$97,109	1990–91	\$68,628
1998–99	\$94,189	1989–90	\$64,500
1997–98	\$90,916	1988–89	\$60,000
1996–97	\$86,917		

PART C

Did you receive a death benefit ETP – that is, a lump sum you received because of the death of another person?

NO Go to **Completing this question** on the next page.

YES Read below.

YOU NEED TO KNOW

You cannot roll over a death benefit ETP.

If you received a payment as trustee of a deceased estate, the following instructions do not apply to you. You must lodge a trust tax return for the deceased estate and follow the instructions for that return.

If a payment was made to a trustee of a deceased estate, the obligation to pay tax, if any, is with the trustee. If you received your payment as a distribution from a deceased estate, you do not have to take any further action in relation to that payment.

How death benefit ETPs are taxed

Payments made direct to you, unless paid to you as a trustee, are taxed in different ways depending on whether you were a dependant of the deceased and whether the payment was more than the deceased person’s pension RBL.

Dependant of the deceased

You were a dependant of the deceased if, at the time of death or the time the payment was made, you were:

- the surviving spouse (including de facto)
- a former spouse
- a child of the deceased under 18 years old
- financially dependent on the deceased, or
- in an interdependency relationship with the deceased. (see **Definitions** on the next page).

! DEFINITIONS

An **interdependency relationship** exists if there is a close personal relationship between two people who live together and one or both provides for the financial, domestic and personal support of the other.

An interdependency relationship can also exist if there is a close personal relationship but the other conditions are not satisfied because of the physical, intellectual or psychiatric disability of one of the people.

Excessive component is the amount, if any, by which your eligible termination payment (ETP) benefits exceed your reasonable benefit limit (RBL). In 2004–05, the lump sum RBL is \$619,223 and the pension RBL is \$1,238,440. You may be entitled to the pension RBL if you take more than half of the following in the form of pensions or annuities that meet the pension RBL standards:

- the value (for RBL purposes) of your benefits, or
- your pension RBL.

If you are a dependant of the deceased, has the Tax Office issued a reasonable benefit limit (RBL) determination showing an excessive component? If not, the death benefit eligible termination payment (ETP) is not taxable. You do not show it anywhere on your tax return.

If we have issued an RBL determination, you do not pay tax on the part of the death benefit ETP that is not excessive and you do not show that part anywhere on your tax return. Generally the excessive component of an ETP is taxable at 47% (plus Medicare levy). There are circumstances where a portion of the excessive component may be taxed at a rate less than 47% if the ETP was paid from a superannuation fund. We will determine whether part of the excessive component is subject to a lesser tax rate, and will assess accordingly. Go to step 3 in **Completing this question** in the next column.

If you are NOT a dependant of the deceased and we have not issued an RBL determination showing an excessive component, your death benefit ETP will be taxed as follows:

- payments from a taxed source, for example, a superannuation fund: 15%
- payments from an untaxed source, for example, an employer payment or an insurance payout through a superannuation fund: 30%

In both cases, the Medicare levy will apply.

If we have issued an RBL determination, you pay tax on the part of the death benefit ETP that is not excessive at the rates shown above. Generally the excessive component of an ETP is taxable at 47% (plus Medicare levy). There are circumstances where a portion of the excessive component may be taxed at a rate less than 47% if the ETP was paid from a superannuation fund. We will determine whether part of the excessive component is subject to a lesser tax rate and will assess accordingly.

➤ COMPLETING THIS QUESTION

You will find the necessary ETP components at 'Section 3 – ETP cash payment details' on your ETP payment summary or on any RBL determination.

If you have an ETP payment summary with a non-qualifying amount, phone the Superannuation Infoline before completing this question.

Undeducted contributions, post-June 1994 invalidity components and CGT exempt components are exempt from tax and you do not include them in your assessable amount.

STEP 1 Add the assessable amounts shown on your ETP payment summaries. If an RBL determination has been issued in respect of any of your ETPs, do not use any amounts on the ETP payment summary. You will need to calculate a new assessable amount for the ETP based on the information in the RBL determination. **Do not include the excessive component; refer to step 3.** Write the total assessable amount at **1** item 4 on page 2 of your tax return. Do not show cents.

STEP 2 Write the total amount of tax withheld from all of your ETPs in the tax withheld column at item 4 on your tax return. Do not show cents. You will find this amount on your ETP payment summary

If an RBL determination was issued in respect of an ETP payment summary that shows tax withheld, you should also include this amount. However, if you have already included these withheld amounts at items **1** or **3** on your tax return, do not include them again here.

STEP 3 If you have an RBL determination which shows an excessive component, write the amount of the excessive component at **N** item 4 on your tax return. This includes an RBL determination in respect of a death benefit ETP. Do not show cents.

STEP 4 Attach the 'Payee's Tax Return Copy' of your ETP payment summaries to page 3 of your tax return.

CHECK THAT YOU HAVE . . .

- written on your tax return the amount of all tax withheld
- written on your tax return the total assessable amount of your ETPs and any excessive component
- attached to page 3 of your tax return the 'Payee's Tax Return Copy' of your ETP payment summaries, signed copies, or letters or statements from your employer, and any RBL determinations from the Tax Office
- a copy of your ETP payment summaries, signed copies, or letters or statements from your employer.

You need to keep these records as evidence (see **Keep your records** on page 19).

HOW YOUR TAX IS WORKED OUT

We will work out your tax based on the individual components of your ETP. We explain the tax rates applying to some common ETP components below.

Concessional component and pre-July 1983 component

– 5% of these components is included in your assessable income and taxed at your usual rate.

Post-June 1983 component – this may be either a 'taxed element' or an 'untaxed element'. Some payments will have both elements present. 'Taxed element' means that the payer – usually a superannuation fund – has paid a contributions tax on this element. 'Untaxed element' means that the payment has not been subject to contributions tax. For this reason, the elements are taxed differently, as shown in the table on the next page.

TAX RATES ON POST-JUNE 1983 ELEMENTS

These rates and thresholds do not apply to death benefit eligible termination payments (ETPs).

Age when received	Taxed element	Untaxed element
Under 55 years	20%	30%
55 years or over		
– up to \$123,808	0%	15%
– excess over \$123,808	15%	30%

Any Medicare levy is added to these rates. A Medicare levy will not apply to a taxed element where the tax rate is zero.

You include the post-June 1983 component in your tax return as assessable income. We then give you a tax offset to ensure that the correct tax rates are applied. This may affect your entitlement to other tax offsets, for example, age pension and low income tax offsets.

➤ These are general rules only. For further information see *Reasonable benefit limits – which RBL will apply?* (NAT 6199). This publication is available on our website.

Changing the components of your ETP

It may be in your interest to ask us to change the components of your ETP if:

- you were in a superannuation fund but only received what you contributed with no interest added
- you were receiving a pension or annuity before 1 July 1983 and changed it into a lump sum
- you were in a ‘self-employed superannuation fund’ or one not supported by your employer and you made contributions before 19 August 1980, or
- the pre-July 1983 component shown on your ETP payment summary is less than the amount that you would have received if you had left your job or withdrawn from your superannuation fund at 30 June 1983.

Your superannuation fund can tell you if you meet any of these conditions. If you think you are entitled to have the components of your ETP changed, phone our Superannuation Infoline.

Rolling over your ETP and ‘contributions tax’

Where you roll over some or all of your ETP, the amount representing the post-30 June 1983 untaxed element attracts ‘contributions tax’ when rolled over to a complying superannuation fund.

Any contributions tax required is paid by the superannuation fund.

TERMINATION PAYMENTS SURCHARGE

A termination payments surcharge will be payable if:

- your ETP was paid to you by your employer, and
- your adjusted taxable income (as calculated for surcharge purposes) exceeds \$99,710.

A death benefit ETP paid to you by the employer of the deceased person is not subject to the surcharge.

If your employer ETP was rolled over to a superannuation fund or retirement savings account (RSA), any surcharge will be paid by the fund or RSA provider. We will work out whether the surcharge applies and will send a surcharge assessment to you, the fund or RSA provider if there is a surcharge liability.

You may receive an assessment for termination payments surcharge well after the payment of the ETP and after your income tax notice of assessment has been issued. This means that while you may have received a refund on your notice of assessment you may still have a surcharge liability. This is because we need to obtain certain information from your income tax return and superannuation contribution information from your superannuation fund or retirement savings account provider before a termination payments surcharge assessment can be made.

➤ For more information read *Termination payments surcharge* (NAT 2770). This publication is available on our website or, to find out how to get a printed copy, see the inside back cover.

QUESTION 5

AUSTRALIAN GOVERNMENT ALLOWANCES AND PAYMENTS

5

5

INCOME

Did you receive any of the following Australian Government payments?

- parenting payment (partnered)
- Newstart allowance
- youth allowance
- mature age allowance
- partner allowance
- sickness allowance
- special benefit
- widow allowance
- austudy payment
- exceptional circumstances relief payment or farm help income support
- ABSTUDY living allowance and you were 16 years or older
- payment under the Veterans' Children Education Scheme and you were 16 years or older
- Training for Employment Program allowance; New Enterprise Incentive Scheme allowance; textile, clothing and footwear special allowance; Green Corps training allowance; or other taxable Commonwealth education or training payments
- an income support component from a Community Development Employment Project (CDEP) – shown as 'CDEP Salary or Wages' on your PAYG payment summary – individual non business
- a CDEP scheme participant supplement.

Show your income from these payments here unless your payment was exempt from tax. Check page 16 if you are not sure.

Do not show Student Financial Supplement Loan Scheme or Overseas Student Higher Education Loan Programme amounts here or anywhere on your tax return.

NO Go to question 6.

YES Read below.

WHAT YOU NEED

- your *PAYG payment summary* – individual non business, or
- a letter from the agency that paid your allowance or payment stating the amount that you received.

If you have not received this information or you have lost it, contact the agency that paid you.

▶ COMPLETING THIS QUESTION

STEP 1 Add up all the amounts of tax withheld as shown on each payment summary or letter. Write the total amount of tax withheld at the left of **A** item 5 on your tax return. Do not show cents.

STEP 2 Add up all the taxable amounts you received. Write the total amount at **A** item 5. Do not show cents.

STEP 3 Attach your letter and/or the 'Payee's Tax Return Copy' of your payment summary to page 3 of your tax return.

! NOTE

You may be entitled to a tax offset on this income (tax offsets reduce the amount of tax you have to pay).

If you received one or more of the payments listed at this question, you may be entitled to a beneficiary tax offset. You do not have to work out your tax offset. We work it out for you from the income you show at **A** item 5. If you want to work it out before you receive your notice of assessment, you can use the beneficiary tax offset calculator on our website, or the worksheet on page 123.

QUESTION 6

6

AUSTRALIAN GOVERNMENT PENSIONS AND ALLOWANCES

6

INCOME

Did you receive any of the following payments from Centrelink or the Department of Veterans' Affairs?

- age pension
- bereavement allowance
- carer payment
- disability support pension and you have reached age pension age
- education entry payment
- parenting payment (single)
- widow B pension
- wife pension
- age service pension
- income support supplement
- Defence Force income support allowance (DFISA) where the pension, payment or allowance to which it relates is taxable
- DFISA-like payment (paid in conjunction with some Australian Government income support payments not paid under the social security law – for example, ABSTUDY living allowance, exceptional circumstances relief payment)
- invalidity service pension and you have reached age pension age
- partner service pension

Show your income from these payments here. Some of these payments may be exempt from tax depending on your circumstances. Check page 16 to find out.

NO Go to question 7.

YES Read below.

STOP

Do not show the following payments at this question or you may be taxed incorrectly:

- exempt payments
- Superannuation Act and Defence Forces Retirement Benefits Act pensions and payments
- eligible termination payments
- foreign pensions.

Other questions deal with these matters. Refer to the relevant topics in the Index. Exempt payments are listed on pages 16–17.

WHAT YOU NEED

- your PAYG payment summary – individual non business, or
- a letter from the agency that paid your pension, allowance or payment stating the amount that you received.

If you have not received this information, or you have lost it, contact the agency that paid you.

COMPLETING THIS QUESTION

STEP 1 Add up all the amounts of tax withheld as shown on your payment summaries or letters. Write the total amount of tax withheld at the left of **B** item 6 on page 2 of your tax return. Do not show cents.

STEP 2 Add up all the income you received. Write the total amount at **B** item 6. Do not show cents.

STEP 3 Attach your letter and/or the 'Payees Tax Return Copy' of your payment summary to page 3 of your tax return.

IMPORTANT

You may be entitled to a tax offset on this income. Tax offsets reduce the amount of tax you have to pay.

Work through questions **T2 Senior Australians** and **T3 Pensioner** to see if you are entitled to a tax offset. Fill in the relevant item on your tax return. We work out your tax offset entitlement based on the tax offset code and veteran code (if applicable) that you print on your tax return.

Make sure you print the correct code letter(s); otherwise you may not receive your correct entitlement.

QUESTION 7

7

OTHER AUSTRALIAN PENSIONS OR ANNUITIES

7

INCOME

Did you receive an Australian:

- annuity
- superannuation pension
- other pension not shown at question 6?

STOP

Do not show foreign pensions or foreign annuities at this question. Income from a foreign source is dealt with at question **19 Foreign source income and foreign assets or property** in *TaxPack 2005 supplement*.

NO Go to question 8.

YES Read below.

YOU NEED TO KNOW

Australian annuities and pensions include:

- superannuation and similar pensions and annuities paid to you by an Australian superannuation fund, life assurance company or retirement savings account (RSA) provider
- pensions paid by a fund established for the benefit of Commonwealth, state or territory employees and their dependants – for example, funds managed by ComSuper and VicSuper.

NOTES

1. If you have not given your tax file number (TFN) to your fund or RSA provider, they may withhold a greater rate of tax from your benefit than if you had provided it. You can phone or write to your fund or RSA provider and quote your TFN.
2. Superannuation funds and RSA providers also use TFNs to keep track of superannuation benefits.

WHAT YOU NEED

- your *PAYG payment summary* – individual non business, or
- a statement from your Australian annuity, superannuation, other pension fund or RSA provider.

If you have not received your payment summary or statement, or you have lost it, contact your payer to obtain a copy.

COMPLETING THIS QUESTION

STEP 1 Print the type of annuity or pension – for example ‘annuity’ or ‘superannuation pension’ – in the **TYPE** box at item **7** on page 2 of your tax return. If you received more than one type, print the type that gave you the largest amount of income.

STEP 2 Add up all the tax withheld amounts as shown on your payment summaries and statements and write the total amount at the left of **J** item **7**. Do not show cents. Do not include amounts already shown at items **1**, **3** and **4**.

STEP 3 Add up all the gross amounts shown on your payment summaries and statements and write the total amount at **J** item **7**. Do not show cents.

STEP 4 Attach all statements and/or the ‘Payee’s Tax Return Copy’ of all your payment summaries to page 3 of your tax return.

DEDUCTIONS AND OFFSETS

Undeducted purchase price

If your annuity or pension had an undeducted purchase price, you may be able to claim the deductible amount. Read question **D9** on pages 65–6.

Senior Australians tax offset

You may be entitled to the senior Australians tax offset. Read question **T2** on pages 89–90 to find out more about this tax offset.

Superannuation tax offset

You may be entitled to a tax offset for your annuity or pension. Read question **T4** on page 93 to find out more about this tax offset.

QUESTION 8

8

ATTRIBUTED PERSONAL SERVICES INCOME

INCOME

8

Did you have personal services income attributed to you from a company, partnership or trust?

If you have received a *Payment summary – personal services attributed income*, your answer to this question is **YES** and you must complete item **8** on your tax return.

Where you have provided personal services for reward and the payment for your services was made to you as a sole trader, your answer to this question is **NO**. In that case you must answer question **13** in *TaxPack 2005 supplement* and complete item **P1** in the *Business and professional items schedule for individuals 2005* (NAT 2816–6.2005). These publications are available on our website or, to find out how to get a printed copy, see the inside back cover.

STOP

Do not show at this question amounts shown on a *PAYG payment summary – individual non business*.

You should have already shown these amounts at question **1 Salary or wages** or question **2 Allowances, earnings, tips, director's fees etc.**

NO Go to **Total tax withheld** on the next page.

YES Read below.

WHAT YOU NEED

- your *Payment summary – personal services attributed income* showing the amount of personal services income attributed to you and the total amount of tax paid or withheld, and
- details of any other personal services income attributed to you.

If you do not have all of your documents, contact the person who paid you.


YOU NEED TO KNOW

There are special rules for the income tax treatment of certain personal services income.

Personal services income is income that is mainly a reward for your personal efforts or skills and is generally paid either to you or to a personal services entity such as a company, partnership or trust.

Where the payment has been made to a personal services entity, the income (less any deductions allowable to the personal services entity in gaining or producing the personal services income) will be attributed to you unless:


- the personal services entity gained the income in the course of conducting a personal services business, or
- the income has been promptly paid to you by the entity as salary.


 You can find an explanation of the rules relating to the attribution of personal services income in *Taxation Ruling TR 2003/6: Attribution of personal services income*. This publication is available on our website or, to get a printed copy, see the inside back cover.

Where the personal services entity has a net personal services income loss relating to your personal services income there is no amount attributed to you. You are entitled to a deduction for the loss and you must answer question **D15** in *TaxPack 2005 supplement*.

If you need help in relation to these rules visit our website or phone the Business Infoline (see the inside back cover).

COMPLETING THIS QUESTION

STEP 1 Write the total amount of tax paid or withheld from personal services income attributed to you at the left of  item **8** on your tax return. Do not show cents. Do not show any tax withheld amount that you have included elsewhere on your tax return.

STEP 2 Write the total amount of personal services income attributed to you at  item **8** on your tax return. Do not show cents.

CHECK THAT YOU HAVE . . .

- written on your tax return the amounts of tax paid or withheld
- written on your tax return the amounts of personal services income attributed to you
- attached to page 3 of your tax return the 'Payee's Tax Return Copy' of your payment summary.

TOTAL TAX WITHHELD

Add up all the amounts in the tax withheld boxes at items **1** to **8** on your tax return.

Write the total amount at **\$ TOTAL TAX WITHHELD** on your tax return. Go to question **9**.

Tax offsets and your tax withheld

If your tax offset or family tax benefit entitlements have changed since you last filled in a *Withholding declaration* (NAT 3093–7.2005) authorising your payer to vary the amount of tax withheld, you may need to fill in a new declaration. If your family tax benefit entitlements have changed, you will also need to complete the *Withholding declaration family tax benefit worksheet* (NAT 7089–7.2005). Contact your payer for more information. Failure to fill in a new declaration may result in a tax debt. Pages 79–98 tell you about tax offsets. For more information about family tax benefit, see pages 75–8.

Additional tax withheld for the Higher Education Contribution Scheme and the Student Financial Supplement Scheme

If you have an accumulated Higher Education Contribution Scheme (HECS) debt, and/or an accumulated Student Financial Supplement Scheme debt, the additional tax withheld from your pay forms part of your normal tax withheld – shown on your payment summary – and is therefore already included in the total amount you show at **\$ TOTAL TAX WITHHELD** on your tax return. Page 121 shows you how we work out your tax.

PAY-AS-YOU-GO (PAYG) INSTALMENTS

You do not need to show instalments made under the PAYG instalments system anywhere on your tax return. The amounts are credited automatically in your assessment.

To ensure you are credited with the correct amount, make sure you lodge all your activity statements before you lodge your tax return. You should lodge any outstanding activity statements even if you have paid your instalments, or had nothing to pay.

QUESTION 9

9

TOTAL REPORTABLE FRINGE BENEFITS AMOUNTS

9

INCOME

Do you have a reportable fringe benefits amount shown on a *PAYG payment summary – individual non business*?

NO Go to question 10.

YES Read below.

WHAT YOU NEED

- your *PAYG payment summary – individual non business*

MORE INFORMATION

You can find more information in *Reportable fringe benefits – facts for employees* (NAT 2836). This publication is available on our website or, to find out how to get a printed copy, see the inside back cover.

YOU NEED TO KNOW

You need to complete this question if you and/or an associate received certain fringe benefits from an employer and any payment summaries provided by your employer showed a reportable fringe benefits amount under that heading.

Your employer has to keep records of the value of any fringe benefits given to you and/or your associate, but only needs to show the fringe benefits on your payment summary if their taxable value exceeds \$1,000 in the fringe benefits tax year 1 April 2004 to 31 March 2005.

Additionally, for tax return purposes your employer has to 'gross up' the taxable value of the fringe benefits to ensure their value is comparable with other forms of income on your payment summary. As you do not pay income tax on fringe benefits, the grossed-up taxable value of a benefit reflects the gross salary you would have to earn to purchase the benefit from after-tax dollars.

The highest marginal rate of income tax plus Medicare levy is used to 'gross up' your fringe benefit amount, so a fringe benefit having a taxable value of \$1,001 becomes a reportable fringe benefits amount of \$1,943.

Therefore, if your payment summary shows a reportable fringe benefits amount of less than \$1,943, you will need to check with your employer about the amount or the method of calculating the amount.

The total amount of reportable fringe benefits that you show on your tax return is not included in your total income or loss amount and you do not pay income tax or Medicare levy on it.

However, it will be used in determining your entitlement to or liability for:

- Medicare levy surcharge
- superannuation contributions surcharge
- termination payments surcharge
- deductions for superannuation contributions
- superannuation contributions tax offset
- Super Co-contributions
- Mature age worker tax offset
- Higher Education Contribution Scheme repayments
- child support obligations
- certain government benefits.

COMPLETING THIS QUESTION

STEP 1 Add up the reportable fringe benefits amounts shown on your payment summaries.

STEP 2 Write the total at **W** item 9 on your tax return. Do not show cents. Do not show an amount at **W** that is less than \$1,943.

QUESTION 10

GROSS INTEREST

10

10**INCOME**

Did you receive, or were you credited with, interest from any source within Australia?

STOP

Do not show at this question:

- distributions of interest you received, or are entitled to receive, from a partnership or trust – including a cash management trust, money market trust, mortgage trust, property trust, unit trust or other similar trust investment product
- interest from a foreign source
- interest from the land transport facilities tax offset scheme or infrastructure borrowings scheme.

Other questions deal with these matters. Refer to the relevant topics in the Index.

Include interest earned from financial institution accounts and term deposits unless you were a non-resident and have paid, or should have paid, non-resident withholding tax on that interest (see **Non-residents** below).


Include any interest the Tax Office gave you or credited you with. If you were a non-resident and we gave you or credited you with interest, see **Non-residents** below.

NO Go to question **11**.

YES Read below.

Children's accounts

If you opened or operated an account for a child and the funds in that account belonged to you, or you spent or used the funds in the account as if they belonged to you, you must include any interest from the account at this question.

 *Taxation Ruling IT 2486 – Children's savings accounts* has more detail. This publication is available on our website or, to find out how to get a printed copy, see the inside back cover.

Non-residents

If you were a non-resident for tax purposes for all or part of the year (see page 14) and you received or were credited with interest during the period, do not include that interest at this question.

If withholding tax was deducted from your interest you do not have to write it anywhere on your tax return because withholding tax paid by non-residents is a final tax.

However, if withholding tax was not deducted from that interest, you must attach a schedule showing the details.

On a separate piece of paper, print: SCHEDULE OF ADDITIONAL INFORMATION – QUESTION 10, and

- Write the amounts of interest you received during any period(s) you were a non-resident, from which withholding tax was not deducted.

- Sign your 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 return.

We will work out the amount of non-resident withholding tax you have to pay on this interest and advise you of the amount.

WHAT YOU NEED

- your statement, passbook or other documentation from your financial institution or other source that shows 2004–05 interest income
- any Tax Office notice of assessment or amended assessment you received during 2004–05 that shows interest on early payments or interest on overpayments.

COMPLETING THIS QUESTION

STEP 1 Using your records, add up all the amounts of gross interest you received or that were credited to you. You do not have to show an amount if the total gross interest you earned from all accounts during the year was less than \$1. Do not show amounts that were or should have been subject to non-resident withholding tax.

If you are not the sole holder of an account, show only your share of interest. For any account where the account holders do not share equally in the interest, keep a record to show how you worked out your share.

The gross interest amount you show at this question must include any tax file number (TFN) amounts. These are amounts of tax withheld by the financial institution because you did not quote your TFN or Australian business number (ABN) to the institution. They will be shown on your statement or other document as Commonwealth tax or TFN withholding tax.

NOTE

Do not deduct account keeping fees and charges from your gross interest amount. You may be able to claim these at item **D7 Interest and dividend deductions**.

STEP 2 Write your gross interest at **L** item **10** on page 2 of your tax return. Do not show cents.

STEP 3 Add up all the TFN amounts shown on your statement and take away any TFN amounts already refunded to you. These will also be shown on your statement or other document.

STEP 4 Write the answer from step 3 at **M** item **10**. Show cents. This amount will be credited to you on your notice of assessment.

QUESTION 11

11

DIVIDENDS

11

INCOME

Did an Australian company (including a listed investment company), corporate unit trust, public trading trust or corporate limited partnership pay or credit you with any dividends or distributions?

STOP

Do not show at this question:

- dividend distributions from other partnerships or trusts – 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, balanced trust or similar trust investment product (see question 12)
- dividends from foreign companies (see question 19)
- that part of a dividend or distribution on which family trust distribution tax has been paid (see question A3).

Questions relating to these amounts are in *TaxPack 2005 supplement*.

Do not claim dividend expenses here. Claim them at question D7.

If you carried on the business of trading in shares, include any dividend income and franking credit at this question; if you have a profit or loss on the sale of shares, read question 14 in *TaxPack 2005 supplement*.

If you sold shares during the year and you did not carry on a business of trading in shares, you must read question 17 in *TaxPack 2005 supplement* to see if you need to show a capital gain or capital loss.

If a New Zealand company has paid you a dividend with Australian franking credits attached, you may be eligible to claim the franking credits. You show the dividends and claim the Australian franking credits at item 19 **Foreign source income and foreign assets or property**. Read question 19 in *TaxPack 2005 supplement*.

NO Go to **Income from the supplementary section** on page 38.

YES Read below.

YOU NEED TO KNOW

You need to show at this question all your assessable dividends including:

- those paid directly to you
- dividends applied under a dividend reinvestment plan
- dividends that were otherwise dealt with on your behalf, and
- bonus shares that qualify as dividends.

Dividends include:

- distributions made by a corporate limited partnership (a partnership taxed in accordance with Division 5A of Part III of the *Income Tax Assessment Act 1936*)
- dividends paid to you by a listed investment company.

A dividend is assessable income in the year it was paid or credited to you. Your dividend statement should have the relevant date (often referred to as the payment date or date paid).

EXAMPLE

Sally received a dividend statement notifying her of a final dividend for the year ended 30 June 2004. The payment date shown on the dividend statement was 30 September 2004. Sally must include the amount of the dividend, as well as any franking credits, in her assessable income on her 2004–05 tax return.

Demerger dividends

Dividends paid under a demerger are generally not assessable dividends. Do not show demerger dividends at this question unless you are advised by the company that they are assessable.

➤ Find out more about demergers in *You and your shares* (NAT 2632–6.2005). This publication is available on our website or, to find out how to get a printed copy, see the inside back cover.

! DON'T LEAVE IT TOO LATE!

Did you:

- purchase or inherit any shares
- receive any shares as part of a divorce settlement or as a gift or donation, or
- receive ownership interests under a demerger?

If you did, start keeping or updating your records now. Incomplete records could mean paying more tax than you need to when you dispose of your shares. For further information about shares and other assets that attract capital gains tax, including what records you need to keep, see the publication *Guide to capital gains tax* (NAT 4151–6.2005). This publication is available on our website or, to find out how to get a printed copy, see the inside back cover.

Payments, benefits and loans that are treated as dividends (deemed dividends)

If you were a shareholder (or an associate of a shareholder) of a private company and received payments or loans from the company or had debts forgiven by the company, the value of those payments, loans or forgiven debts are 'deemed dividends' (unless specifically excluded in the law).

You will also have a deemed dividend (unless specifically excluded by law) if:

- you are a shareholder (or an associate of a shareholder) of a private company that had (or was going to have by a certain time) an unpaid present entitlement from a trust estate AND
- the trustee of the trust estate made a payment or loan, or forgave a debt, in your favour.

Combine your deemed dividends with any unfranked dividends you received and include the total amount in your assessable income at **S** item **11** on your tax return.

For more information, read *You and your shares*.

Returns on non-share equity interests

Dividends also include dividends paid on a non-share equity interest. To find out more about this, read *You and your shares*.

Non-residents

Withholding tax paid by non-residents is a final tax.

If you were not an Australian resident for tax purposes for all or part of the year (see page 14), include dividend income paid or credited to you during that period at this question unless:

- the dividend was fully franked, or
- the dividend was not fully franked but withholding tax was (or should have been) withheld from the unfranked amount.

If your dividends were not fully franked during the period you were a non-resident, and you have not paid withholding tax on your dividends, you should attach a separate schedule showing details of those dividends. On a separate piece of paper, print SCHEDULE OF ADDITIONAL INFORMATION – QUESTION 11. Provide details of any dividends you received during any period(s) you were a non-resident that were not fully franked and on which you have not paid withholding tax.

Sign your 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. The Tax Office will work out the amount of withholding tax you have to pay on the dividends, and advise you of the amount.

IMPUTATION SYSTEM

Dividends that Australian resident companies pay their shareholders are taxed under a system known as 'imputation'. It is called an imputation system because the tax the company pays is imputed, or attributed, to the shareholders. The tax paid by the company is allocated to shareholders by way of franking credits attached to the dividends they receive.

You include an amount equal to the franking credit attached to your dividend in your assessable income. You are also entitled to a franking tax offset equal to the amount included in your income (there are some exceptions to this rule, see **Franking credit trading – qualified persons**, in the next column).

The franking tax offset will be used to cover, or partly cover, the tax payable on the dividends. If the tax offset is more than the tax payable on the dividends, the excess tax offset will be used to cover, or partly cover, any tax payable on other taxable income received.

If there is any tax offset amount left over after that, we refund that amount to you.

! NOTE

If you have a franking credit but do not have to lodge a tax return, see **Franking credits** on page 3 in *TaxPack*. You can claim your refund on a shorter form included in the publication *Refund of franking credits instructions and application for individuals 2005* (NAT 4105–6.2005).

Some situations are not covered by the imputation system and the tax paid by the company is not allocated to shareholders by way of franking credits. Franking credits do not attach to the following dividends:

- The part of the dividend on which family trust distribution tax has been paid. These dividends are exempt income and you cannot claim the franking credit. (The company or corporate limited partnership that paid the dividend should tell you if family trust distribution tax has been paid on it.)
- A dividend that is included in a trust distribution on which ultimate beneficiary non-disclosure tax has been paid. (The trustee will let you know if a distribution fits this category.)
- Dividends where you engaged in franking credit trading and failed to satisfy the 'holding period' rule or the 'related payments' rule (see below).
- Dividends to the extent that a franking tax offset is denied because you have exceeded the small shareholder franking tax offset limit contained in the franking credit trading rules.
- Dividends from a non-equity share which, although a share in legal form, is not treated as an equity interest, so the dividends are not frankable. (*You and your shares* has more information on non-equity shares.)
- Demerger dividends.

Franking credit trading – qualified persons

Measures designed to curb the unintended use of franking credits apply to people who do not effectively own the shares or who only briefly own the shares. Under these measures, known as the 'holding period rule' and the 'related payments rule', you must satisfy certain criteria before you qualify for franking tax offsets. In other words, only qualified people are able to have the benefit of the franking credit attached to their dividends. These measures address the issue of franking credit trading.

The **holding period rule** applies to shares bought on or after 1 July 1997. It will apply to you if you sell shares within 45 days of buying them. It also applies if you enter into a risk diminution arrangement, such as a derivative transaction, within that time. The holding period is 90 days for certain preference shares.

The **related payments rule** applies to arrangements entered into after 7.30pm (Australian Eastern Standard Time) on 13 May 1997. It applies to you if you were under an obligation to make a related payment for a dividend and you did not hold your shares 'at risk' during a specified qualifying period.

If you failed to satisfy 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 applies provided that you do not exceed the franking tax offset limit of \$5,000 on all of your franking tax offset entitlements in a given year, whether received directly or indirectly (such as through a trust or partnership).

If any of these measures are likely to affect you, read *You and your shares*.

Unfranked dividends

Unfranked dividends are paid by an Australian resident company that has not already paid Australian company tax. If your dividend is unfranked, you are not entitled to a franking tax offset. You must include the unfranked dividend in your assessable income at **S** item 11 on your tax return.

If you did not quote your tax file number (TFN) to your investment body for the shares or units you held, tax may have been withheld from any unfranked dividends at the highest marginal rate plus the Medicare levy, a total of 48.5%.

TFN amounts withheld from your unfranked dividends will be shown on your dividend statement. You can claim a credit for any TFN amounts withheld at **V** item 11 on your tax return. If you have received a refund of some or all of the TFN amounts withheld, you cannot claim a credit for these amounts.

Franked dividends

You must include the amount of any franked dividends you received from a resident company in your assessable income at **T** item 11.

Franking credit

You must also include any franking credit in your assessable income at **U** item 11 on your tax return, so we can calculate the correct amount of tax and Medicare levy. However, do not include any franking credit if you do not qualify for a franking tax offset because of the application of the holding period rule or the related payments rule or because you exceeded the small shareholder exemption limit (see the franking credit trading measures described earlier in this question).

The franking credits attached to dividends are from dividends franked at the company tax rate of 30 cents (that is, the company paid tax on its taxable income at the rate of 30%).

An amount equal to the franking credit will be automatically allowed as a tax offset to reduce any tax payable on your dividends and any other taxable income received.

For more information, read *You and your shares*.

WHAT YOU NEED

You need your statements from the company, corporate unit trust, public trading trust or corporate limited partnership that paid you the dividends or made the distributions.

These statements should show:

- the amounts of unfranked and franked dividends you received
- the amounts of franking credits you received (the company works this out and allocates it to the dividend or distribution), and
- the TFN amounts withheld from unfranked dividends.

If you have not received your dividend or distribution statements, contact the company, corporate unit trust, public trading trust or corporate limited partnership that paid or credited you with the dividends or distributions.

! NOTE

Show only your share of any dividends that were paid or credited to you (for example, if you and another person owned the shares in your joint names, show only your portion of the dividend income on your tax return).

➤ COMPLETING THIS QUESTION

There is an example on the next page on how to show unfranked and franked dividends. It may help you complete the following steps.

STEP 1 Add up all the unfranked dividend amounts on your statements – including any TFN amounts withheld – plus any deemed dividends. Write the total amount at **S** item 11 on page 2 of your tax return. Do not show cents.

STEP 2 Add up all the franked dividend amounts on your statements and any other franked dividends paid or credited to you. Write the total amount at **T** item 11. Do not show cents.

! NOTE

If your statement does not show the franked and unfranked portions of the dividend, include the total dividend amount at **T** item 11.

STEP 3 Add up all the allowable franking credit amounts on your statements. Write the total amount at **U** item 11. Do not show cents.

STEP 4 Add up any TFN amounts withheld that have not been refunded to you. Write the total amount at **V** item 11. Show cents. This amount will appear as a credit on your notice of assessment.

CHECK THAT YOU HAVE . . .

- written on your tax return the total unfranked amount
- written on your tax return the total franked amount
- written on your tax return the total allowable franking credit amount
- written on your tax return the total TFN amount withheld from dividends, and
- kept your dividend statements with your other records.

EXAMPLE**How to show unfranked and franked dividends**

Ranjini has shares in Coals Tyre Ltd, Telsbra Ltd, JT Corporate Unit Trust and SYF Pty Ltd. She has not given her tax file number (TFN) to Telsbra or SYF.

For the 2004–05 year, Ranjini's dividend statements from the companies she has shares in showed:

- Coals Tyre Ltd – fully franked dividends of \$70 and a \$30 franking credit.
- Telsbra – an unfranked dividend of \$100. A TFN amount of \$48.50 was withheld from her payment, so she received \$51.50. The unfranked dividend amount Ranjini must show on her tax return is \$100 (\$51.50 plus \$48.50).
- JT Corporate Unit Trust – unfranked dividends of \$50, franked dividends of \$70 and a \$30 franking credit.
- SYF Pty Ltd – a dividend of \$240, made up of an unfranked dividend of \$100 and a franked dividend of \$140. A TFN withheld amount of \$48.50 was withheld from the unfranked dividend amount, so Ranjini received \$51.50. The unfranked dividend amount she must show on her tax return is \$100 (\$51.50 plus \$48.50). For the franked dividend of \$140, she had a franking credit of \$60. No TFN amount is withheld from franked dividends.

Company or trust	Unfranked amount*	Franked amount	Franking credit	TFN amounts withheld from dividends
a) Coals Tyre Ltd	\$0.00	\$70.00	\$30.00	\$0.00
b) Telsbra Ltd	\$100.00	\$0.00	\$0.00	\$48.50
c) JT CU Trust	\$50.00	\$70.00	\$30.00	\$0.00
d) SYF Pty Ltd	\$100.00	\$140.00	\$60.00	\$48.50
Total	S \$250.00	T \$280.00	U \$120.00	V \$97.00

* Unfranked amount includes both the amount received or credited and the TFN amount withheld.

For additional examples, refer to *You and your shares*.

INCOME FROM THE SUPPLEMENTARY SECTION

I

! CAUTION

Read this question carefully – consult *TaxPack 2005 supplement* if you are not familiar with the terms used.

Did you derive any of the following types of income or incur any of the following types of losses?

Income types:

- partnership and trust distributions
- personal services income (other than salary or wages)*
- income from a business (including if you are self-employed)
- 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
- income received as an independent contractor under a labour hire arrangement
- income you earned as a non-employee taxi driver, for example, a driver operating under a standard bailment agreement with an owner/operator
- income from which an amount was withheld due to the operation of foreign resident withholding (FRW)
- income you deposited into a farm management account
- income you withdrew from a farm management account
- a capital gain, for example, on disposal of a CGT asset
- a distribution from a foreign entity
- income attributed to you from a controlled foreign company, foreign investment fund, foreign life policy or a transferor trust (foreign income)
- income received from a foreign source, including foreign pensions and foreign employment income, and foreign dividends – for example, New Zealand dividends with Australian franking credits**

- * Personal services income includes the following payments specified by regulation ('specified payments'):
- income as a performing artist in a promotional activity
 - payment for tutorial services provided for the Indigenous 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.

- ** You must also complete the supplementary section if:
- you own foreign assets (including an interest in a foreign life policy or foreign company or trust, or shares)
 - you have ever directly or indirectly caused the transfer of property (including money) or services to a non-resident trust estate.

- rent
- bonuses from life insurance companies and friendly societies
- other income not shown at items 1 to 11.

'Other income' includes:

- a non-qualifying component of an eligible termination payment
- discounts on shares or rights acquired under an employee share scheme
- lump sum payments in arrears
- foreign exchange gains
- royalties
- bonus amounts distributed from friendly society income bonds
- taxable scholarships, bursaries, grants or other educational awards
- benefits or prizes from investment-related lotteries and some game-show winnings
- income from your activities as a special professional: such as author of a literary, dramatic, musical or artistic work; an inventor; a performing artist; a production associate or an active sportsperson
- reimbursements of tax-related expenses or election expenses which you have claimed as a deduction
- an assessable balancing adjustment from the disposal, loss or destruction of any depreciating asset, including your car, for which you have claimed a deduction for decline in value
- payments from sickness and accident insurance policies – other than those shown on your payment summary
- interest from the land transport facilities tax offset scheme or infrastructure borrowings
- gains from the disposal of traditional securities
- allowances or payments you received as a member of a local government council that you have not already shown at items 1 or 2
- other taxable allowances or payments you received from Centrelink that are not shown at items 5 or 6.

Loss types:

- a business loss (including if you are self-employed)
- a deferred non-commercial business loss
- a capital loss, for example, on disposal of a CGT asset.

NO Go to **Total income or loss** on page 39.

YES You must complete the *Tax return for individuals (supplementary section) 2005*. Read below.

If you have personal services income, net income or loss from business, or deferred non-commercial business losses you will need to read the publication *Business and professional items instructions 2005* (NAT 2543-6.2005) then complete the *Business and professional items schedule for individuals 2005* (NAT 2816-6.2005) and attach it to page 3 of your tax return.

➤ The *Tax return for individuals (supplementary section) 2005* is located at the back of *TaxPack 2005 supplement*. If you don't have a copy of this supplement, you can get one from most newsagents during the lodgment period (1 July to 31 October 2005). Copies are also available all year from our Publications Distribution Service (see the inside back cover) and shopfronts.

! NOTE

If you were 55 years or older on 30 June 2005, you may be entitled to the mature age worker tax offset. Certain income from the supplementary section will be used to calculate your net income from working. We will tell you at each question if this is the case. You may need to complete question **T12 Net income from working – supplementary section**.

➤ COMPLETING THIS QUESTION

STEP 1 Complete the details at the top of page 9 on your tax return (supplementary section). Use *TaxPack 2005 supplement* to help you complete the Income section.

STEP 2 Transfer the amount you wrote at **TOTAL SUPPLEMENT INCOME OR LOSS** on page 11 to **I** on page 2 of your tax return. If it is a loss amount, print **L** in the **LOSS** box beside it.

TOTAL INCOME OR LOSS

You have now reached the end of the Income section.

Before adding up your income amounts from items **1** to **11** and any amount at **I** on page 2 of your tax return, please note the following:

- The more common types of **exempt income** are listed at pages 16–17. **Generally your exempt income is not included in your tax return.**
- You must have shown all of your income for tax purposes. The *Taxpayer's declaration* on page 8 of your tax return will require you to sign that this is true. The preceding pages 18–39 give you the information you need to show the right amounts. If you still have income that you have not put at any item and it is not exempt income, you will need to go back through the Income section and include it.

If you are in any doubt, phone the Personal Tax Infoline (see the inside back cover).

Our audit activities include checking the income details you provide on your tax return with other sources – for example, your employer, your bank or the Australian Government agency that pays your pension, allowance or payment.

If you have not been able to complete any of the income items because you do not have all the documents you need to work out the right amount – for example, you are missing a payment summary – do not complete this section yet.

Remember that you have until 31 October 2005 to lodge your tax return. You should not lodge your tax return if it is incomplete. If you think you will still be missing information on 31 October, ask the Tax Office if you can lodge at a later date. See page 12 for information on how to do this.

➤ COMPLETING THIS QUESTION

STEP 1 Add up all the amounts in the right-hand column of items **1** to **11** and **I** – do not include **I** if it is a loss – on your tax return.

STEP 2 Take any loss amount at **I** away from the amount you worked out at step 1. Your answer is your total income or loss.

STEP 3 Write your answer from step 2 at **TOTAL INCOME OR LOSS** on page 2 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 INCOME OR LOSS**.

Deductions

CLAIMING DEDUCTIONS FOR EXPENSES THAT RELATE TO YOUR WORK AS AN EMPLOYEE

You can claim deductions for work-related expenses you incurred while performing your job. Unless you are an STS taxpayer, you incur a work-related expense when:

- you receive a bill or invoice for an expense that you are liable for and must pay
- you do not receive a bill or invoice but you are charged and you pay for it.

➤ Refer to *Taxation Ruling TR 97/7–Meaning of ‘incurred’* for more information. This publication is available on our website or, to find out how to get a printed copy, see the inside back cover.

If your work-related expense includes an amount of goods and services tax (GST), the GST is part of the total expense and is therefore part of any allowable deduction.

! STS TAXPAYERS

If you are in business and have elected to enter the simplified tax system (STS), you can only claim most work-related expenses when you have paid them. Refer to *The simplified tax system: a guide for tax agents and small businesses* (NAT 6459) for details.

Basic rules

- You must have incurred the expense in 2004–05.
- You cannot claim an expense that your employer (or any other person) has or will reimburse you for.
- You must have incurred the expense in the course of earning your assessable income and it must not be private, domestic or capital in nature. For example, the costs of normal travel to and from work or buying lunch each day are private. If you incurred an expense that was both work-related and private or domestic, you can only claim a deduction for the work-related portion of the expense.
- If you incurred an expense for services paid in advance, read **Advance expenditure** on this page to decide what part of the expense is allowable in 2004–05.
- You must be able to substantiate your claims with written evidence if the total you are claiming for expenses, not including claims for car, meal allowance, award transport payments allowance and travel allowance expenses, is greater than \$300 (see **Written evidence rule – records you need to keep for claims of more than \$300** on this page).
- If the total you are claiming is \$300 or less, you need to be able to show how you worked out your claims but you do not need written evidence.

! BUSINESS EXPENSES

If your income comes from carrying on a business you claim your business expenses using the *Business and professional items schedule for individuals 2005*. See questions **13** and **14** in *TaxPack 2005 supplement*.

Advance expenditure

You must follow the apportionment rules for advance expenditure if you prepay for a service costing \$1,000 or more and the service extends for a period of more than 12 months or beyond 30 June 2006. Under these rules you may be entitled to claim only part of the expenditure this year and the remainder in future tax returns. If you incurred expenditure in a prior income year and apportioned it under the advance expenditure rules and the prepaid service extended into the 2004–05 income year, you may claim the relevant portion of the expenditure in 2004–05.

➤ If you need to know more, refer to *Deductions for prepaid expenses* (NAT 4170–6.2005). This publication is available on our website or, to find out how to get a printed copy, see the inside back cover.

Allowances

Receiving an allowance from your employer does not automatically entitle you to a deduction. You must still meet the basic rules listed above to make a claim. You can claim only the total amount you incurred even if the allowance is more. For example, if you received a tools allowance of \$500 and your tool expenses were \$400, you must include the whole amount of the allowance at item **2** on your tax return and the deduction you can claim at item **D5** is \$400.

Written evidence rule – records you need to keep for claims of more than \$300

You must have written evidence to prove your claims if your total claims exceed \$300. The records you keep must prove the total amount, not just the amount over \$300.

The \$300 limit does not apply to claims for car, meal allowance, award transport payments allowance and travel allowance expenses. There are special written evidence rules for these claims which are explained at the relevant questions.

! NOTE

Do not send in your receipts or other records with your tax return unless we request you to do so in writing.

What is written evidence?

Written evidence can be:

- A document from the supplier of the goods or services, showing:
 - the name of the supplier
 - the amount of the expense
 - the nature of the goods or services – if not shown, you may write this on the document before you lodge your tax return
 - the date the expense was incurred
 - the date of the document.
- Another document or combination of documents containing the information listed above.

If you use a combination of documents, the dates of the documents are not required but they need to contain the date you incurred the expense.

These documents can be in written or electronic form. They include:

- bank and other financial institution statements
- credit card statements
- BPay reference numbers, often also called receipt or transaction numbers
- email receipts
- your *PAYG payment summary – individual non business*; this may show, for example, your total union fees
- paper or electronic copies of documents – these must be a true and clear reproduction of the original.
- Evidence you have recorded yourself:
 - for expenses of \$10 each or less, providing the total of these expenses is not more than \$200
 - if you have been unable to obtain written evidence – for example, for toll or parking fees where you cannot get a receipt.

Your records must show the same details as a document from a supplier as described above.

Your documentation must be in English unless you incurred the expense outside Australia.

➤ For more information see *PS/LA 2005/7 Substantiation of deductions claimed by individual taxpayers for work and car expenses incurred in the course of earning non-business and non-investment income*. This publication is available on our website or, to find out how to get a printed copy, see the inside back cover.

Electronic records

We recommend that if you store your records electronically you make a back-up copy to ensure the evidence is easily accessible if the original becomes inaccessible or unreadable (for example, where a compact disk, floppy disk or hard drive is corrupted).

Claims of \$300 or less

We may ask you to tell us how you worked out your claim and explain why your claim is reasonable, based on the requirements of your occupation. You do not need written evidence; you can make reasonable estimates.

! DON'T LEAVE IT TOO LATE!

Will your total claims for work-related expenses exceed \$300 next year?

If you are unsure, you may want to keep written evidence for your expenses during the year. You will need this evidence if you want to claim more than \$300.

How long you need to keep your records

You must keep your written evidence for five years from 31 October or, if you lodge later, for five years from the date you lodge your tax return. If at the end of this period you are in a dispute with the Tax Office that relates to a work expense, you must keep the relevant records until the dispute is resolved.

For depreciating assets, you must keep records for the entire period over which you claim deductions for the

decline in value of those assets. You must keep your records for a further five years from the date of your last claim. The five years start on 31 October or, if you lodge later, from the date you lodge your tax return. This period is extended if, when the five years end, you are in a dispute with us that relates to a depreciating asset.

! DEFINITION

A **depreciating asset** is an asset that has a limited effective life and can reasonably be expected to decline in value over the time it is used.

EXAMPLE

Keeping records

Linda buys a computer for \$4,000 in July 2001. Linda uses her computer for work 60% of the time. She claims 60% of the decline in value on the cost of her computer over four years. Linda's last claim for a deduction for decline in value is in her 2004–05 tax return which she lodges on 14 October 2005.

Linda must keep her records until 31 October 2010. If at this time she is in a dispute with the Tax Office that relates to this claim, she must keep her records until the dispute is resolved.

If you have lost your records or they have been destroyed, phone the Personal Tax Infoline (see the inside back cover) to find out what you can do.

Why you need to keep your records

We will work out your refund or tax debt using the information you provide on your tax return. We may ask for more information or audit this information at a later date. You need to keep your records to prove your deduction claims in case we audit you.

Questions D1 to D6 on the following pages show you how to claim deductions for expenses that relate to your work as an employee.

➤ Extra information for some occupations

We provide summaries of tax rulings for 16 occupations:

- *Airline employees* (NAT 2331–6.2005)
- *Australian Defence Force members* (NAT 2321–6.2005)
- *Building workers* (NAT 2324–6.2005)
- *Cleaners* (NAT 2328–6.2005)
- *Factory workers* (NAT 2329–6.2005)
- *Hairdressers* (NAT 2320–6.2005)
- *Hospitality industry employees* (NAT 2326–6.2005)
- *Journalists* (NAT 2782–6.2005)
- *Lawyers* (NAT 2327–6.2005)
- *Nurses* (NAT 2319–6.2005)
- *Performing artists* (NAT 2325–6.2005)
- *Police officers* (NAT 2316–6.2005)
- *Real estate employees* (NAT 2323–6.2005)
- *Shop assistants* (NAT 2322–6.2005)
- *Teachers* (NAT 2317–6.2005)
- *Truck drivers* (NAT 2318–6.2005)

Your employer, trade union or professional association should have copies of these publications. They are also available on our website or, to find out how to get a printed copy, see the inside back cover.

QUESTION D1

D1

WORK RELATED CAR EXPENSES

D1

DEDUCTIONS

Did you have any car expenses relating to your work as an employee?

Do not include expenses for vehicles other than cars – for example, utility trucks or panel vans with a carrying capacity of one tonne or more, vehicles with a carrying capacity of nine or more passengers, or motorcycles. Show expenses for these vehicles at item **D2**.

Do not include travel expenses including short-term car hire, public transport fares, bridge and road tolls, parking fees, taxi fares, or the work-related running costs of a car owned or leased by somebody else – a borrowed car. You may be able to claim these at item **D2**.

NO Go to question **D2**.

YES Read below.

CAUTION

If you received an allowance for car expenses or a reimbursement that was worked out by reference to the distance the car travelled, you must show the amount of the reimbursement or allowance as income at item **2** on your tax return.

You can claim at this question your work-related expenses for using a car that you owned, leased or hired (under a hire purchase agreement).

You cannot claim at this question any expenses relating to a car owned or leased by someone else, including your employer or another member of your family. However, we consider you to be the owner or lessee of a car and eligible to claim expenses where a family or private arrangement made you the owner or lessee even though you were not the registered owner. For example, we would allow you to claim for a family car that was given to you as a birthday present and which, although it was not registered in your name, you used as your own and for which you paid all expenses.

If you owned or leased a car or hired one under a hire purchase agreement, you can use one of the four methods explained in this question to claim your work-related car expenses.

Depending on the method you choose, you will need to know or estimate your business kilometres. **Business kilometres** are the kilometres you travelled in the car in the course of using it for work-related purposes.

YOU NEED TO KNOW

Using your car for work

You cannot claim the cost of normal trips between home and work as that travel is private. You cannot claim it even if:

- you did minor tasks – for example, picking up the mail on the way to work or home

- you had to travel between home and work more than once a day
- you were on call – for example, you were on standby duty and your employer contacted you at home to come into work
- there was no public transport near where you work
- you worked outside normal business hours – for example, shift work or overtime, or
- your home was a place of business and you travelled directly to a place of employment.


WHAT YOU MAY NEED

- written evidence of your car expenses – receipts, invoices or diary entries
- car logbook and odometer records
- *Guide to depreciating assets* (NAT 1996–6.2005)
- *Practice Statement PS LA 1999/2 – Calculating car expense deductions where the car is jointly owned, jointly leased or jointly hired under a hire purchase agreement (but is not owned, leased or hired by a partnership)*

These publications are available on our website or, to find out how to get printed copies, see the inside back cover.

You can claim the cost of trips between home and work if:

- you used your car because you had to carry bulky tools or equipment that you used for work and could not leave at work – for example, an extension ladder or cello
- your home was a base of employment – you started your work at home and travelled to a workplace to continue the work, or
- you had shifting places of employment – you regularly worked at more than one site each day before returning home.

 *Taxation Ruling TR 95/34 – Employees carrying out itinerant work* has more information on travel expenses for employees who have shifting places of employment. This publication is available on our website or, to find out how to get a printed copy, see the inside back cover.

You can claim the cost of using your car to travel directly between two places of employment – for example, if you had a second job.

EXAMPLE

Will is a clerk at a large department store. During 2004–05 he used his own car to travel from his normal place of employment to his second job as a waiter. After finishing work as a waiter, he went directly home. Will's travel costs from his normal employment to his second job are an allowable deduction. However, he cannot claim the cost of travelling home from his second job.

You can claim the cost of using your car to travel:

- from your normal workplace to an alternative workplace – for example, a client's premises – while still on duty and back to your normal workplace or directly home
- from your home to an alternative workplace for work purposes and then to your normal workplace or directly home.

EXAMPLE

Bec is a clerk at a large department store in the city. In 2004–05 she was required to attend meetings at her employer's other store in the suburbs. She used her own car to travel to the meetings. As the meetings finished late Bec went directly home after them.

Bec can claim the cost of each journey.

Calculating your deduction

You can use one of the four methods summarised below to work out your car expenses. Choose the method that gives you the largest deduction and ensure you have the necessary evidence.

METHOD 1 – Cents per kilometre

- Your claim is based on a set rate for each business kilometre.
- You can claim a maximum of 5,000 business kilometres.
- You do not need written evidence.

METHOD 2 – 12% of original value

- Your claim is based on 12% of the original value of your car.
- The value is subject to luxury car limits.
- Your car must have (or would have) travelled more than 5,000 business kilometres in the income year.
- You do not need written evidence.

METHOD 3 – One-third of actual expenses

- You claim one-third of your car's expenses.
- Your car must have (or would have) travelled more than 5,000 business kilometres in the income year.
- You need written evidence or odometer records for fuel and oil costs.
- You need written evidence for all the other expenses for the car.

METHOD 4 – Logbook

- Your claim is based on the business use percentage of each car expense.
- You need a logbook so you can work out the percentage.
- You need odometer readings for the start and end of the period you owned or leased the car.
- You can claim fuel and oil costs based on odometer records.
- You need written evidence for all the other expenses for the car.

Jointly owned cars

There are special rules for jointly owned cars. For example, if two people have equal shares in a car, under the '12% of original value' method, they would each claim 6% of the value as their deduction. *Practice Statement PS LA 1999/2* tells you more about these rules.

Deductions for decline in value

If you are claiming a deduction for the decline in value of a car you should refer to the publication *Guide to depreciating assets*. It contains details of how to work out deductions for decline in value and balancing adjustments for cars. (You may need to make a balancing adjustment if you disposed of your car. See the next page.)

You can only claim a deduction for decline in value if:

- you owned the car or hired it under a hire purchase agreement, and
- you used either the 'one-third of actual expenses' or 'logbook' method to calculate your car expenses.

If you leased a car you cannot claim a deduction for its decline in value (because you were not the owner of the car), unless it was a luxury car. Special rules apply to leased luxury cars (see below).

Some important things to remember:

- The decline in value is worked out from the day you first use the car for any purpose.
- You can only claim a deduction for decline in value in a year you use the car for work-related purposes.
- You will need to apportion your deduction for decline in value if you:
 - used the car for private as well as work-related purposes, or
 - owned the car for only part of the year.
- When calculating a deduction for the decline in value the cost of the car is restricted to the luxury car limit (see page 45).

Leased luxury cars

If you leased a luxury car you can claim a deduction for its decline in value. Special rules apply:

- you must use the 'one-third of actual expenses' or 'logbook' methods to calculate your car expenses, and
- the value of the car is restricted to the luxury car limit (see page 45).

A car is considered to be a luxury car if the cost of the car – whether new or second-hand – at the time the lease begins is more than the luxury car limit applying for that year. Phone the Personal Tax Infoline (see the inside back cover) to find out more about the special rules.

Decline in value and low-value pools

If you include a car you used for work in your low-value pool, do not include an amount for the decline in value of that car in your car expenses at **D1**. You claim the deduction for decline in value of the low-value pool at **D6**. See *Guide to depreciating assets* for information on the low-value pooling method and how to calculate the decline in value of your low-cost and low-value depreciating assets.

Decline in value using the simplified tax system (STS)

If you are in the simplified tax system for 2004–05, do not claim an amount for the decline in value of your car at **D1**. You must calculate your work-related deduction for depreciating assets, including your car, using the STS rules. You claim your STS depreciating assets deductions at **P8** on the *Business and professional items schedule for individuals 2005* (NAT 2816–6.2005).

! NOTE

To use the STS rules you must be in business and have chosen to enter or continue in the simplified tax system at item **S1** on the *Business and professional items schedule for individuals 2005*.

If you did not carry on any business during 2004–05 but have STS pool deductions because you have allocated depreciating assets (such as a car) to an STS pool in a prior year, make your claim for STS pool deductions at item **D15** in the supplementary section of your return.

➤ For more information, refer to *The simplified tax system – a guide for tax agents and small businesses* (NAT 6459). This publication is available on our website or, to find out how to get a printed copy, see the inside back cover.

Was your car disposed of, lost or destroyed ?

You may need to make a balancing adjustment if you have disposed of your car and you have claimed a deduction for its decline in value. The balancing adjustment is necessary if you:

- used only the ‘one-third of actual expenses’ or ‘logbook’ methods
- switched between the ‘one-third of actual expenses’ method and the ‘logbook’ method, or
- switched between the ‘one-third of actual expenses’ or ‘logbook’ methods AND the ‘cents per kilometre’ or ‘12% of original value’ methods.

The publication *Guide to depreciating assets* explains how to make these calculations.

If you have a loss after making the adjustment, claim the loss amount at this question. If you have a profit, include the amount as category **1** income at item **22** on your tax return (supplementary section). Refer to the Index for more information.

! IMPORTANT

A balancing adjustment is not required if you have used only the ‘cents per kilometre’ or ‘12% of original value’ methods for calculating expenses for the car.

Award transport payments

Award transport payments are allowances covering either transport expenses or car expense reimbursements that are paid under an industrial law or award that was in force on 29 October 1986. The car expense reimbursement is calculated in respect of a certain number of kilometres.

Changes made to the industrial law or award after that date are treated as if they had been made on that day. Your union or employer can tell you the ‘29 October 1986’ amount.

Award transport payments are assessable income and you must include any payments as income on your tax return. If you have incurred transport or car expenses covered by these payments, you may be able to claim a deduction:

- for transport expenses – at question **D2**
- for car expenses – at either this question or question **D2**.

If your claim for work-related transport or car expenses is no more than the award amount, make the claim at question **D2**. You do not need written evidence.

If you also have a claim for any additional kilometres not covered by the award transport payment, you can make the claim at this question but you can only use the ‘logbook’ method (you will need written evidence) or the ‘cents per kilometre’ method.

Remember, kilometres that are covered by the award transport payment and claimed at question **D2** are not counted as business kilometres under either the ‘cents per kilometre’ or ‘logbook’ methods but they are counted as part of the total kilometres travelled for the ‘logbook’ method. If you do not know how many business kilometres relate to your award transport payment, you can make a reasonable estimate.

Alternatively, you may choose not to limit any part of your claim for work-related car expenses to the award amount. If this is the case, make your claim at this question (and do not claim car expenses covered by your award transport payment at question **D2**). When making your claim at this question you can use any of the four methods to calculate your car expenses. Treat any work-related kilometres covered by the award transport payment as business kilometres. You will need to provide the written evidence required by the particular method you select.

The example on the next page explains the different ways you can claim when you receive an award transport payment.

EXAMPLE

Emma travelled 22,000 kilometres in total during 2004–05. Half of these were work-related. She received an award transport payment of \$2,000 which, under her award, covered travel of 5,000 work-related kilometres. This left her with 6,000 business kilometres not covered by the payment. The '29 October 1986' award transport payment was \$1,400.

Emma has to show the \$2,000 at item **2**. She can claim her car expenses in one of the following ways:

- She can claim \$1,400 at item **D2**.
- She can claim \$1,400 at item **D2** and then use 5,000 of her additional 6,000 business kilometres towards a claim for total car expenses at item **D1** using the 'cents per kilometre' method (see below).
- If she has written evidence of her expenses, she can claim \$1,400 at item **D2** and then use all the outstanding 6,000 business kilometres towards a claim for total car expenses using the 'logbook' method (see page 47–8). She divides her 6,000 business kilometres by her 22,000 total kilometres to work out her business use percentage:

$$\frac{6,000}{22,000} \times 100 = 27\%$$

- If she has written evidence of her expenses, she can ignore item **D2** and treat the kilometres covered by the award transport payment as business kilometres, and claim them at this question. This gives her a total of 11,000 business kilometres towards a claim for total car expenses using the 'logbook' method (see pages 47–8). She divides her 11,000 business kilometres by her 22,000 total kilometres to work out her business use percentage:

$$\frac{11,000}{22,000} \times 100 = 50\%$$

METHOD 1 – Cents per kilometre

You can use this method to claim up to a maximum of 5,000 business kilometres per car even if you have travelled more than 5,000 business kilometres. For example, if you travelled 5,085 business kilometres, you can only claim the cost of travelling 5,000 kilometres with this method. You cannot claim the extra 85 kilometres.

You do not need written evidence but you may need to be able to show how you worked out your business kilometres.

STEP 1 Multiply the total business kilometres travelled (a maximum of 5,000 for each car) by the number of cents allowed for your car's engine capacity (from the **Rates per business kilometre** table on this page). Divide your answer by 100 to work out the amount in dollars that you can claim.

RATES PER BUSINESS KILOMETRE

Ordinary car – engine capacity	Rotary engine car – engine capacity	Cents per kilometre
1600cc (1.6 litre) or less	800cc (0.8 litre) or less	52 cents
1601–2600cc (1.601–2.6 litre)	801–1300cc (0.801–1.3 litre)	62 cents
2601cc (2.601 litre) and over	1301cc (1.301 litre) and over	63 cents

Work out the amount you can claim for each car and add up all the amounts.

STEP 2 Write the total amount at **A** item **D1** on page 3 of your tax return. Do not show cents. Print the code letter **S** in the **CLAIM TYPE** box beside the amount.

METHOD 2 – 12% of original value

You can use this method if you used your car to travel more than 5,000 business kilometres in 2004–05. This method is also available if you would have used your car to travel more than 5,000 business kilometres had you used it for the whole of 2004–05.

You do not need written evidence to use this method but you may need to be able to show how you worked out your business kilometres.

If you bought the car, you can claim 12% of the cost. If you leased the car, you can claim 12% of its market value at the time that you first leased it. The maximum deduction you can claim is 12% of the luxury car limit in the year in which you first used or leased the car, shown in the table below.

LUXURY CAR LIMITS FOR THE PAST 10 YEARS			
2004–05	\$57,009	1999–2000	\$55,134
2003–04	\$57,009	1998–99	\$55,134
2002–03	\$57,009	1997–98	\$55,134
2001–02	\$55,134	1996–97	\$55,134
2000–01	\$55,134	1995–96	\$52,912

STEP 1 Multiply the cost of the car or the luxury car limit, whichever is less, by 12 and divide the result by 100. This is the amount you can claim if you owned or leased your car for the whole of 2004–05 and used it for work during that year.

If you are using this method to claim a deduction for more than one car, work out the amount you can claim for each car.

If you owned or leased all the cars for the whole of 2004–05, go to step 3. Otherwise, go to step 2.

STEP 2 If you did not own or lease the car for all of 2004–05, you need to work out whether you can use this method.

First work out the number of days you owned or leased the car in 2004–05.

If you travelled 5,000 business kilometres or less, multiply the number of business kilometres you travelled by 365. Divide the result by the number of days you owned or leased the car during 2004–05. We consider the answer to be the number of kilometres you would have travelled if you had used the car for the whole year.

If your answer is more than 5,000, you can use this method to claim your expenses. Go to **Working out the amount you can claim** below.

If your answer is 5,000 or less, you cannot use this method, use the ‘cents per kilometre’ or ‘logbook’ methods.

Working out the amount you can claim

Multiply the amount you worked out at step 1 by the number of days you owned or leased the car. Divide the result by 365.

EXAMPLE

Aaron bought a car on 1 March 2005 for \$40,000 and he travelled 3,600 kilometres for work between 1 March 2005 and 30 June 2005 (122 days).

Because he did not own the car for the full year, Aaron needs to work out if he can use the ‘12% of original value’ method.

As he travelled less than 5,000 business kilometres, Aaron multiplies the business kilometres he travelled by 365 and divides the result by the number of days he owned the car.

$$\frac{3,600 \times 365}{122} = 10,770 \text{ kilometres}$$

Because this is more than 5,000 business kilometres, he is able to use this method.

Aaron follows the instructions in step 1 to get 12% of the cost of the car.

$$\frac{\$40,000 \times 12}{100} = \$4,800$$

He multiplies this amount by the number of days he owned the car and divides the result by 365.

$$\frac{\$4,800 \times 122}{365} = \$1,605$$

This is the amount Aaron can claim for car expenses.

STEP 3 Write your claim at **A** item **D1** on page 3 of your tax return. Do not show cents. Print the code letter **T** in the **CLAIM TYPE** box beside the amount.

METHOD 3 – One-third of actual expenses

This method allows you to claim one-third of your expenses for each car. Car expenses do not include capital costs such as the initial cost of your car or improvements to it.

You can use this method if you used your car to travel more than 5,000 business kilometres in 2004–05. This method is also available if you would have used your car to travel more than 5,000 business kilometres had you used it for the whole of 2004–05.

You must have written evidence for all your car expenses except fuel and oil costs.

There are two ways to work out your fuel and oil costs:

- Use your fuel and oil receipts, if you have them.
- Keep odometer records and make a reasonable estimate based on those records.

Odometer records need to show the odometer readings of the car at the start and end of the period that you owned or leased the car during 2004–05. They should also show the car’s engine capacity, make, model and registration number. You may also need to be able to show how you worked out your business kilometres and any reasonable estimate you made.

EXAMPLE

Sim has made a reasonable estimate that she travelled 7,000 business kilometres during 2004–05. She is able to use this method.

Her odometer records show she used the car to travel a total of 25,000 kilometres during 2004–05.

She also estimated that the car used 10 litres of fuel per 100 kilometres travelled, based on the manufacturer’s guidelines, and the average fuel price for the period was \$1.00 per litre.

Sim would work out her fuel claim like this:

$$\frac{25,000 \times 10}{100} = 2,500 \text{ kilometres}$$

$$2,500 \times \$1.00 = \$2,500$$

This is the amount Sim would include for fuel in step 1.

Complete the following steps to work out how much you can claim using the ‘one-third of actual expenses’ method.

STEP 1 Add up your total expenses for fuel and oil, registration, insurance, interest, repairs and maintenance, the decline in value or lease payments and any other costs of running your car. See pages 43–4 to work out the amount to show here for decline in value.

STEP 2 Divide your total car expenses by 3. The answer is the amount you can claim.

STEP 3 Write the amount from step 2 at **A** item **D1** on page 3 of your tax return. Do not show cents. Print the code letter **O** in the **CLAIM TYPE** box beside the amount.

METHOD 4 – Logbook

Using the logbook method, you work out the business use percentage of your car. You can then claim this percentage of each car expense. Car expenses do not include capital costs such as the purchase price of your car or improvements to it.

You must keep:

- a logbook
- odometer records, and
- written evidence for all your car expenses except fuel and oil costs.

Business use percentage

You can claim the business use percentage of all your car expenses. To work out your business use percentage, use the details from your logbook and odometer records.

From your records, work out the total kilometres you travelled.

Work out how many were business kilometres. Divide this number by the total number of kilometres travelled. Multiply the answer by 100.

EXAMPLE

At the end of the logbook period, Tim's logbook shows that he travelled a total of 11,000 kilometres of which 6,600 were business kilometres.

Tim would work out his business use percentage like this:

$$\frac{6,600}{11,000} \times 100 = 60\%$$

This is the business use percentage Tim would use to work out his car expenses claim.

It is in your interest to write in the logbook all journeys you make in your car for work activities. If a work-related journey is not recorded, the logbook will indicate a lower business use percentage than it could.

Did your car use change during 2004–05?

If your car use changed, make a reasonable estimate of what your business use percentage would have been for the whole of 2004–05, taking into account your logbook, odometer and other records, any variations in the pattern of use of your car and any changes in the number of cars you used in the course of earning your income.

Your logbook

Your logbook is valid for five years. If this is the first year you are using this method, you must have kept a logbook during 2004–05. The logbook must cover at least 12 continuous weeks. If you started to use your car for business purposes less than 12 weeks before the end of 2004–05, you are able to continue to keep a logbook into 2005–06 so that your logbook covers the required 12 weeks. If you want to use the logbook method for two or more cars, the logbook for each car must cover the same period.

If you have not kept a logbook since 1999–2000, you must have kept a new logbook for 2004–05. If you did not keep a new logbook for 2004–05, you cannot use the logbook method. You must use another method.

Where you have kept a logbook for 2004–05 it must contain the following information:

- When the logbook period begins and ends.
- The car's odometer readings at the start and end of the logbook period.
- The total number of kilometres that the car travelled during the logbook period.
- The number of kilometres travelled for work activities based on journeys recorded in the logbook. If you made two or more in a row on the same day, you can record them as a single journey.
- The business use percentage for the logbook period.

If you established your business use percentage using a logbook from an earlier year you need to keep that logbook and maintain odometer records.

You also need a logbook if the Tax Office told you in writing to keep one. We do not supply logbooks. Pre-printed logbooks are available from stationery suppliers or you can draw up your own.

Logbook entries

Your logbook must also show details of each business trip. You must write down:

- the date the journey began and the date it ended
- the car's odometer readings at the start and end of the journey
- how many kilometres the car travelled on the journey, and
- the reason for the journey.

The logbook entries must be made at the end of the journey, or as soon as possible afterwards, and they must be in English.

Odometer records

You must keep written odometer records for the period you owned or leased the car during 2004–05. You need to record:

- the car's odometer readings at the start and end of the period, and
- the make, model, engine capacity and registration number of the car.

Odometer records can be kept as part of your logbook if you kept one for 2004–05. If you did not keep a logbook in 2004–05, you need to have a separate record of the odometer readings and other details.

Working out your claim

Once you have worked out your business use percentage, you can apply it to your car expenses.

You need to keep written evidence of all your car expenses except fuel and oil costs, for example, for registration, repairs, interest and insurance.

There are two ways to work out your fuel and oil costs:

- use your fuel and oil receipts, if you have them
- make a reasonable estimate based on your odometer records.

EXAMPLE

Bayden's odometer records show he used his car to travel a total of 7,000 kilometres during 2004–05.

Based on the manufacturer's guidelines, he estimated that the car used 10 litres of fuel per 100 kilometres travelled and the average fuel price for the period was \$1.00 per litre.

Bayden would work out his fuel claim like this:

$$\frac{7,000 \times 10}{100} = 700 \text{ litres}$$

$$700 \times \$1.00 = \$700.$$

This is the amount Bayden would include for fuel in step 1.

Complete the following steps to work out how much you can claim using the logbook method.

STEP 1 Add up your total expenses for fuel and oil, registration, insurance, interest, repairs and maintenance, the decline in value or lease payments and any other costs of running your car. See pages 43–4 to work out the amount to show here for decline in value.

STEP 2 Multiply the amount you worked out at step 1 by your business use percentage. The answer is the amount you can claim.

STEP 3 Print the amount from step 2 at **A** item **D1** on page 3 of your tax return. Do not show cents. Print the code letter **B** in the **CLAIM TYPE** box beside the amount.

Claiming under more than one method

If you have more than one car and you are claiming expenses under different methods, add the amounts you worked out under each method and write the total at item **D1** on your tax return. Do not show cents. Print the code letter for the method that gave you the largest amount in the **CLAIM TYPE** box beside the amount.

CHECK THAT YOU HAVE . . .

- written on your tax return the amount of your claim for car expenses
- printed the correct code letter in the **CLAIM TYPE** box beside the amount:
 - S** – if you used the 'cents per kilometre' method
 - T** – if you used the '12% of original value' method
 - O** – if you used the 'one-third of actual expenses' method
 - B** – if you used the 'logbook' method
- written evidence of your car expenses, where required. Retain this evidence for five years from 31 October or, if you lodge later, for five years from the date you lodge your tax return. If at the end of this period you are in a dispute with the Tax Office that relates to this work expense, you must keep your records until the dispute is resolved.

QUESTION D2

WORK RELATED TRAVEL EXPENSES

D2

D2**DEDUCTIONS**

Did you have any travel expenses relating to your work as an employee?

At this question you claim expenses for vehicles other than cars – for example, utility trucks or panel vans with a carrying capacity of one tonne or more, vehicles with a carrying capacity of nine or more passengers, and motorcycles.

You can also claim work-related running costs you incurred for a car owned or leased by somebody else – a borrowed car.

NO Go to question **D3**.

YES Read below.

YOU NEED TO KNOW

You can claim travel expenses directly connected with your work. If your travel was partly private and partly for work, you can claim only the part that related to work.

Travel expenses you may be able to claim include meals, accommodation and incidental expenses you incurred while away overnight for work – for example, going to an interstate work conference. Generally, if your travel did not involve an overnight stay, you cannot claim meals even if you received a travel allowance.

Other travel expenses you may be able to claim include air, bus, train, tram and taxi fares, bridge and road tolls, and parking and car hire fees.

You cannot claim a deduction for expenses you incurred for the direct operation of a car that your employer provided, if at any time you or your relatives used it for private purposes, even if the expenses were work-related. Examples of **direct operation expenses** are petrol, oil and repairs. Such expenses form part of the valuation of the car for fringe benefits tax purposes. However, you may be able to claim expenses linked to the car that are not related to its direct operation, such as parking fees and bridge tolls.

You cannot claim the cost of normal trips between home and work as that travel is private. You cannot claim it even if:

- you did minor tasks – for example, picking up the mail on the way to work or home
- you had to travel between home and work more than once a day
- you were on call – for example, you were on standby duty and your employer contacted you at home to come into work
- there was no public transport near where you work
- you worked outside normal business hours – for example, shift work or overtime, or
- your home was a place of business and you travelled directly to a place of employment.

You can claim for the cost of trips undertaken between home and work if:

- you used your vehicle or had other travel expenses because you had to carry bulky tools or equipment that you used for work and could not leave at work – for example, an extension ladder or cello

- your home was a base of employment – you started your work at home and travelled to a workplace to continue the work, or
- you had shifting places of employment – you regularly worked at more than one site each day before returning home.

T *Taxation Ruling TR 95/34 – Employees carrying out itinerant work* has more information on travel expenses for employees who have shifting places of employment. This publication is available on our website or, to find out how to get a printed copy, see the inside back cover.

You can claim the cost of travelling directly between two places of employment – for example, if you had a second job.

EXAMPLE

Sue is a clerk at a large department store. During 2004–05 she travelled by bus from her normal workplace to her second job as a waitress. After finishing work as a waitress, she went directly home.

Sue's travel costs from her normal workplace to her second job are an allowable deduction. However, she cannot claim the cost of travelling home from her second job.

You can claim the cost of travelling:

- from your normal workplace to an alternative workplace – for example, a client's premises – while still on duty and back to your normal workplace or directly home
- from your home to an alternative workplace for work purposes and then to your normal workplace or directly home.

EXAMPLE

Janet is a clerk at a large department store in the city. In 2004–05 she was required to attend meetings at her employer's other store in the suburbs. She travelled by bus to the suburban store. As the meetings finished late, she went straight home by train.

Janet can claim the cost of each journey.

Records you need

The table on the next page explains what records you need if you are claiming domestic or overseas travel expenses for accommodation, food, drink or incidentals.

If you are claiming travel expenses and you received a travel allowance from your employer, you must show the allowance at item **2** on your tax return.

We set the reasonable allowance amount for your circumstances in an annual taxation determination which explains when you do not have to have evidence of your expenses and the way in which you can claim them.

➤ For 2004–05 refer to *Taxation Determination TD 2004/19 – Income tax: what are the reasonable travel and meal allowance expense amounts for 2004–05?* This determination should be read together with *Taxation Ruling TR 2004/6 – Income tax: substantiation exception for reasonable travel and overtime meal allowance expenses*. These publications are available on our website or, to find out how to get a printed copy, see the inside back cover. Your employer may also be able to tell you what the amount is.

If your travel allowance was not shown on your payment summary and was not more than the reasonable allowance amount for your circumstances, you do not have to include the allowance at question 2 providing you have fully expended the allowance on deductible travel expenses and you do not claim a deduction for these expenses.

TRAVEL EXPENSE RECORDS

	DOMESTIC TRAVEL		OVERSEAS TRAVEL	
	Written evidence	Travel diary ¹	Written evidence	Travel diary ¹
If you did not receive a travel allowance				
■ travel less than six nights in a row	Yes	No	Yes	No
■ travel six or more nights in a row	Yes	Yes	Yes	Yes
If you received a travel allowance and your claim does not exceed the reasonable allowance amount				
■ travel less than six nights in a row	No	No	No ²	No
■ travel six or more nights in a row	No	No	No ²	Yes ³
If you received a travel allowance and your claim exceeds the reasonable allowance amount				
■ travel less than six nights in a row	Yes	No	Yes	No
■ travel six or more nights in a row	Yes	Yes	Yes	Yes ³

¹ A travel diary is a document in which you record the dates, places, times and duration of your activities and travel.

² Written evidence is required for overseas accommodation expenses regardless of the length of the trip.

³ Members of international aircrews do not have to keep a travel diary if they limit their claim to the amount of the allowance received.

Written evidence

You must have written evidence for the whole of your claim, not just the excess over the reasonable amount. Written evidence is explained on pages 40–1.

Utility trucks, panel vans, large passenger-carrying vehicles and motorcycles

If you owned, leased or hired (under a hire purchase agreement), one or more of the following vehicles and used them for work purposes, you can claim the costs

you incurred relating to this work use (for example, the cost of petrol and oil):

- a utility truck or panel van with a carrying capacity of one tonne or more
- a vehicle with a carrying capacity of nine or more passengers
- a motorcycle.

You can claim the costs you actually incurred. As these types of vehicles are not considered to be cars you cannot use the ‘cents per kilometre’ method or any other method described at question D1 to calculate your claim.

Car owned or leased by somebody else – a borrowed car

You can claim the costs you actually incurred when using a car owned or leased by somebody else for work-related purposes – for example, the costs of petrol and oil. You cannot use the ‘cents per kilometre’ method or any other method described at question D1 to calculate your claim.

Award transport payments

Award transport payments are allowances covering either transport expenses or car expense reimbursements that are paid under an industrial law or award that was in force on 29 October 1986.

Some changes made to the industrial law or award after that date are treated as if they had been made on that day. Your union or employer can tell you the ‘29 October 1986’ amount.

Award transport payments are assessable income and you must include any payments as income on your tax return. If you have incurred work-related transport expenses or car expenses covered by these payments, you may be able to claim a deduction for these expenses.

If you choose to claim no more than the ‘29 October 1986’ amount, claim these expenses at this question. You do not need written evidence.

If you choose to claim more than the ‘29 October 1986’ amount for:

- Transport expenses, make the claim at this question. You will need written evidence for the whole of the claim.
- Car expenses, make the claim at question D1.

You can also claim additional car expenses not covered by the award transport payment at question D1.

➤ COMPLETING THIS QUESTION

STEP 1 Add up all your allowable travel expenses.

STEP 2 Write the total amount at **B** item D2 on page 3 of your tax return. Do not show cents.

CHECK THAT YOU HAVE . . .

- written on your tax return the amount of your claim for travel expenses
- written evidence of your travel expenses, where required. You need to keep these records for five years from 31 October or, if you lodge later, for five years from the date you lodge your tax return. If at the end of this period you are in a dispute with the Tax Office that relates to this work expense, you must keep your records until the dispute is resolved.

QUESTION D3

WORK RELATED CLOTHING, LAUNDRY AND DRY CLEANING EXPENSES

D3

D3**DEDUCTIONS**

Did you have expenses for any of the following items that relate to your work as an employee:

- protective clothing
- uniform
- occupation-specific clothing, or
- laundry or dry-cleaning?

NO Go to question D4.

YES Read below.

If you received an allowance from your employer for clothing, uniforms, laundry or dry-cleaning, make sure that you have shown the amount at item 2.

You can claim the cost of buying, renting, repairing and cleaning occupation-specific clothing, protective clothing and certain work uniforms.

You cannot claim the cost of purchasing or cleaning a plain uniform or clothes you bought to wear for work that are not protective or specific to your occupation even if your employer tells you to wear them, for example, a bartender's black trousers and white shirt or a manager's suit or stockings.

➤ For more information read:

- *Taxation Ruling TR 98/5 – Calculating and claiming a deduction for laundry expenses*
- *Taxation Ruling TR 97/12 – Deductibility of expenses on clothing, uniform and footwear*
- *Taxation Ruling TR 2003/16 – Deductibility of protective items, and*
- *Taxation Ruling TR 94/22 – Deductibility of expenditure on conventional clothing.*

These publications are available on our website or, to find out how to get a printed copy, see the inside back cover.

WHAT YOU MAY NEED

- written evidence from your goods or services supplier, and
- diary records of your laundry costs, if you need written evidence.

YOU NEED TO KNOW

You cannot automatically claim a deduction simply because you received a uniform, clothing, laundry or dry-cleaning allowance from your employer. Carefully read the section **Claiming deductions for expenses that relate to your work as an employee** on pages 40–1 before claiming a deduction.

Work uniform

This is a uniform, either compulsory or non-compulsory, that is unique and distinctive to the organisation that you work for.

! DEFINITION

Clothing is **unique** if it has been designed and made only for the employer.

Clothing is **distinctive** if it has the employer's logo permanently attached and the clothing is not available to the public.

Compulsory work uniform

This is a set of clothing that identifies you as an employee of an organisation which has a strictly enforced policy that makes it compulsory for you to wear the uniform while you are at work.

You may be able to claim a deduction for shoes, socks and stockings where they are an essential part of a distinctive compulsory uniform, the characteristics of which (colour, style, and type) are specified in your employer's uniform policy.

➤ For more information read *Taxation Determination TD 1999/62 – What are the criteria to be considered in deciding whether clothing items constitute a compulsory corporate uniform/wardrobe?* This publication is available on our website or, to find out how to get a printed copy, see the inside back cover.

You may be able to claim for a single item of distinctive clothing, such as a jumper, if it is compulsory for you to wear it at work.

Non-compulsory work uniform

You cannot claim expenses incurred for non-compulsory work uniforms unless your employer has registered the design with AusIndustry. Ask your employer for advice.

Shoes, socks and stockings can never form part of a non-compulsory work uniform, and neither can a single item such as a jumper.

➤ Employers can obtain information about registering non-compulsory work uniforms from the AusIndustry website at www.ausindustry.gov.au

Occupation-specific clothing

This is clothing that is specific to your occupation, is not everyday in nature and would allow the public to easily recognise your occupation. For example, the checked pants a chef wears.

Protective clothing

This is clothing and footwear that you wear to protect yourself from the risk of illness or injury posed by your income-earning activities or the environment in which you are required to carry them out. To be considered protective, the items must provide a sufficient degree of

protection against that risk. Examples of protective clothing include fire-resistant and sun-protection clothing, safety-coloured vests, non-slip nurse's shoes, rubber boots for concreters, steel-capped boots, overalls, and heavy duty shirts and trousers. We also consider that overalls, smocks and aprons you wear to avoid damage or soiling to your ordinary clothes during the course of your income-earning activities are protective clothing. Ordinary clothes, such as jeans, drill shirts and shorts, trousers and socks, lack protective qualities designed for the risks of your work are not protective clothing.

Laundry expenses

You can claim the costs of washing, drying and ironing eligible work clothes. These costs can include laundromat expenses.

You must have written evidence, for example, diary entries and receipts, for your laundry expenses if:

- the amount of your claim is greater than \$150, and
- your total claim for work expenses exceeds \$300 – not including car, meal allowance, award transport payments allowance and travel allowance expenses.

If you do not need to provide written evidence for your laundry expenses, you may use a reasonable basis to work out your claim.

The Tax Office considers that a reasonable basis for working out your laundry claim would be \$1 per load – this includes washing, drying and ironing – if the load is made up only of the clothes described in this question, and 50 cents per load if other laundry items are included. If you choose a different basis to work out your claim, we may ask you to explain that basis.

Dry-cleaning expenses

You can claim the cost of dry-cleaning eligible work clothes. You must have written evidence to substantiate your claim if your total claim for work expenses exceeds \$300 – not including car, meal allowance, award transport payments allowance and travel allowance expenses.

▶ COMPLETING THIS QUESTION

To work out your claim you can use the work-related uniform expenses calculator on our website and then go to step 3. Otherwise, go to step 1.

STEP 1 Work out the total cost of laundering your occupation-specific clothing, protective clothing or work uniforms. (For information about using a reasonable basis to work out laundry expenses, see **Laundry expenses** on this page.)

STEP 2 Add up all your allowable uniform, clothing, laundry and dry-cleaning expenses.

STEP 3 Write the total amount at **C** item **D3** on page 3 of your tax return. Do not show cents.

STEP 4 Select the code letter that describes the majority of the clothing for which you are claiming:

- C** compulsory work uniform
- N** non-compulsory work uniform
- S** occupation-specific clothing
- P** protective clothing

Print the code letter in the **CLAIM TYPE** box at the right of **C** item **D3** on your tax return.

CHECK THAT YOU HAVE . . .

- written on your tax return the total amount of your uniform, occupation-specific clothing, protective clothing, laundry and dry-cleaning expenses
- printed your code letter in the **CLAIM TYPE** box and
- written evidence to prove your claims, where required. You need to keep these records for five years from 31 October or, if you lodge later, for five years from the date you lodge your tax return. If at the end of this period you are in a dispute with the Tax Office that relates to this work expense, you must keep your records until the dispute is resolved.

QUESTION D4

D4

WORK RELATED SELF-EDUCATION EXPENSES

D4

DEDUCTIONS

Did you have any self-education expenses relating to your work as an employee?

STOP

Do not show at this question:

- The cost of formal education courses provided by professional associations. Show these at **D5 Other work related expenses**
- The cost of attending seminars, education workshops or conferences that are connected to your work activities but do not relate to your course of education. Show these at **D5 Other work related expenses**
- Amounts for decline in value of items included in a low-value pool. Show these at **D6 Low value pool deduction**
- Deductions for depreciating assets if you are in business and have chosen to enter or continue in the simplified tax system (STS). Show these at item **P8** on the *Business and professional items schedule for individuals 2005*.
- STS pool deductions for depreciating assets if you are not carrying on any business during 2004–05. Show these at item **D15** on your tax return (supplementary section).

NO Go to question **D5**.

YES Read below.

WHAT YOU MAY NEED

- Written evidence. Read pages 40–1 for an explanation of the **written evidence rule**.
- *Taxation Ruling TR 98/9 – Deductibility of self-education expenses*.
- *Guide to depreciating assets* (NAT 1996–6.2005). This publication contains information about deductions for decline in value, balancing adjustments, and immediate deductions for certain depreciating assets. It also explains the option to pool low-value depreciating assets for which you cannot claim an immediate deduction. If you choose this option, see question **D6 Low value pool deduction**.

These publications are available on our website or, to find out how to get a printed copy, see the inside back cover.

DEFINITION

A **depreciating asset** is an asset that has a limited effective life and can reasonably be expected to decline in value over the time it is used.

YOU NEED TO KNOW

You can only claim self-education expenses that related to your work activities while you were studying. If your self-education was to help you get a new job, you cannot claim your expenses.

Self-education expenses are expenses related to a course of education provided by a school, college, university or other place of education. You must have undertaken the course to gain a formal qualification for use in carrying on a profession, business or trade or in the course of employment.

You **can claim** a deduction for your course fees provided there is a direct connection between the course and your work activities at the time you incurred the expense – even when the Australian Government paid your fees for you under FEE–HELP (Higher Education Loan Programme – see below) and OS–HELP.

You **cannot claim** a deduction for self-education expenses that you incurred if the only income you received was from youth allowance, austudy payment, ABSTUDY or similar schemes providing payments in the nature of financial assistance.

You **cannot claim** a deduction for Higher Education Contribution Scheme payments, HECS–HELP payments or Open Learning Agency of Australia basic charges.

You also **cannot claim** a deduction for the repayments you made on a loan or loans you have under any of the various student loan schemes:

- Financial Supplement Loan Scheme (FSLs)
- Postgraduate Education Loans Scheme (PELS)
- Bridging for Overseas Trained Professionals Loan Scheme (BOTPLS)
- Open Learning Deferred Payment Scheme (OLDPS)

HELP SCHEME

The Higher Education Loan Programme (HELP) is the new student loan scheme that was introduced on 1 January 2005.

The HELP scheme has three types of loan:

- HECS–HELP, which replace HECS
- FEE–HELP, which replace PELs and BOTPLS
- OS–HELP, which helps students who wish to undertake some of their study overseas.

For more information on HELP, see the Department of Education, Science and Training website at www.goingtouni.gov.au

Other allowable self-education expenses

You generally **cannot claim** the cost of meals. However you **can claim** the cost of meals during an absence from home if:

- you were participating in self-education directly connected to your current work, and
- that self-education required you to be temporarily away from your home for one or more nights.

You may be able to claim other expenses such as textbooks, stationery, student union fees and the decline in value of your computer.

If you did not use your computer solely for self-education purposes, you will need to apportion your deduction. This means you divide the amount between private use and work-related use. For example, if you used your computer 40% of the time for deductible self-education purposes and 60% of the time for private purposes, then you can only claim 40% of the decline in value.

You **can claim** expenses for travel between:

- home and your place of education
- your place of education and home
- work and your place of education, and
- your place of education and work.

However, only the first leg of each trip is deductible where you travelled:

- from home to your place of education and then to work, or
- from your workplace to your place of education and then to home.

To work out the amounts of allowable car or other travel expenses, you will need to read question **D1** (car expenses) or **D2** (travel expenses). However, you must generally claim these amounts here at question **D4**.

\$250 reduction

In certain circumstances you may have to reduce your allowable self-education expenses by \$250. However, you may have other types of expenses – some of which are not allowable as a deduction (see category E in **How to work out your claim**) – that can be offset against the \$250 before you have to reduce the amount you can claim for allowable expenses.

HOW TO WORK OUT YOUR CLAIM

You can use the self-education expenses calculator on our website to work out your claim amount and then go to **Completing this question**. Alternatively, follow the instructions below.

First list your expenses under the following categories.

Category A

General expenses that are allowable as a deduction. Include in this category the cost of textbooks, stationery, student union fees, course fees, public transport fares and car expenses (excluding amounts for decline in value) worked out under the 'logbook' or 'one-third of actual expenses' methods.

In some cases you may need to reduce your category A expenses by \$250 – see example 1 on the next page.

Category B*

Deductions for the decline in value of depreciating assets used for self-education purposes, including a car for which you are claiming deductions under the 'logbook' or 'one-third of actual expenses' method.

Category C*

Repairs to items of equipment used for self-education purposes.

Category D*

Car expenses related to your self-education activities which are claimed using the 'cents per kilometre' or '12% of original value' methods. See page 45–6 for information on these methods.

You cannot claim car expenses under this category if you have included deductions for decline in value or repairs to your car under categories B or C.

- * You do not have to reduce category B, C and D expenses by \$250.

Category E

Self-education expenses you have incurred that are not allowable as a deduction. For example:

- travel expenses in respect of the last leg of each trip:
 - from home to your place of education and then to work, or
 - from the workplace to your place of education and then home
- child care costs related to attendance at lectures or other self-education activities, or
- capital cost of items acquired in 2004–05 and used for self-education purposes – for example, a computer or desk.

▶ COMPLETING THIS QUESTION

STEP 1 If you used the calculator to work out your claim amount write this amount at **D** item **D4** on page 3 of your tax return. Then go to step 7 otherwise read on.

STEP 2 If you had any category A expenses, go to step 3. Otherwise, read on.

If you do not have any category A expenses, you do not have to reduce your claim. Add any category B, C and D amounts together and write the total at **D** item **D4** on page 3 of your tax return. Do not show cents. Go to step 7.

STEP 3 If the total of your category C, D and E amounts is less than \$250, go to step 4. Otherwise, read on.

If the total of your category C, D and E amounts is \$250 or more you do not have to reduce your claim. Add any category A, B, C and D amounts together and write the total at **D** item **D4** on page 3 of your tax return. Do not show cents. Go to step 7.

STEP 4 Take away the total of any category C, D and E amounts from \$250.

STEP 5 Take your answer from step 4 away from your total category A amount. If this leaves you with zero or less, your category A amount is reduced to zero.

STEP 6 Add your step 5 amount, if any, to the total of your category B, C and D amounts. Write your answer at **D** item **D4** on your tax return. Do not show cents.

STEP 7 Select from the list below the code letter that best describes your self-education.

- K** There was a direct connection between the self-education and your current work activities because the study was maintaining or improving a skill or specific knowledge required for your current work activities.
- I** There was a direct connection between the self-education and your current work activities because you can show that the study was leading to, or was likely to lead to, increased income from your current work activities.
- O** Other circumstances exist where there was a direct connection between your self-education and your current work activities.

Remember, self-education expenses are NOT allowable if your study was designed to get you:

- a job
- a new job – different from your current one, or
- income from a new income-earning activity.

STEP 8 Print your code letter (**K**, **I** or **O**) from step 7 in the **CLAIM TYPE** box at the right of **D** item **D4** on your tax return.

Examples of how to work out a claim

EXAMPLE 1

Maureen studied hairdressing at a TAFE college and the course was directly related to her current employment as an apprentice hairdresser.

Her expenses		Category
Course fees	\$180	A
Textbooks	\$70	A
Student union fees	\$40	A
Total expenses	\$290	
Take away	\$250	
Maureen can claim	\$40	

EXAMPLE 2

Ian was unemployed and got a Newstart allowance. He went to a course to gain a second qualification to help his job prospects.

Ian cannot claim any self-education expenses as there was no direct connection between the expense and his income source.

EXAMPLE 3

Lachlan was a clerk in the public service who was studying gourmet cooking part-time in order to become a chef. Lachlan cannot claim any self-education expenses as there was no direct connection between the expense and his income source.

EXAMPLE 4

Katelin studied full-time at a university and received an austudy payment as her only source of income.

Katelin cannot claim any self-education expenses as there was not a sufficient connection between the expense and her austudy payment.

EXAMPLE 5

Angus studied part-time at a university and the course was directly related to his current employment. He travelled by bus from his work to university.

His expenses		Category
Stationery	\$10	A
Textbooks	\$240	A
Course fees	\$200	A
Bus fares	\$150	A
Student union fees	\$150	A
Repair to home printer	\$70	C
Total allowable expenses	\$820	
Self-education expenses not allowable as a deduction:		
Child care costs	\$520	E

The general expenses for stationery, textbooks, course fees, bus fares and student union fees are category A amounts. The repair expense is a category C amount.

Angus does not have to reduce his category A expenses as the total of his category C (repairs \$70) and E (child care costs \$520) is more than \$250.

Angus can claim \$820 – his category A and C amounts.

However, if Angus had no child care costs then his claim would be worked out using the steps from the previous pages, as follows:

STEP 3 \$250 less \$70 (the category C amount) = \$180

STEP 4 \$750 (category A amount) less \$180 (step 3 amount) = \$570

STEP 5 \$570 (step 4 amount) plus \$70 (category C amount) = \$640

Angus could claim \$640.

QUESTION D5

D5

OTHER WORK RELATED EXPENSES

D5

DEDUCTIONS

Did you have any other expenses relating to your work as an employee?

Other expenses include debits tax; union fees; overtime meals; attending formal education courses provided by professional associations; seminars, conferences or education workshops; books, journals and trade magazines; tools and equipment; protective items such as sunscreens and sunglasses; computers and software; telephone and home office expenses. Phone the Personal Tax Infoline (see the inside back cover) if you are not sure if you can claim an expense.

You cannot claim the cost of entertainment, fines or penalties. You cannot claim private expenses such as child care expenses or fees paid to social clubs.

STOP

Do not show at this question claims for:

- expenses not related to your work
- decline in value of items included in a low-value pool (show these at **D6 Low-value pool deduction**)
- tax costs – such as tax agent fees (show these at **D10 Cost of managing tax affairs**)
- the cost of sickness and accident insurance premiums (show these at **D15 Other deductions**)
- expenses from carrying on a business (show these on the *Business and professional items schedule for individuals 2005*)

NO Go to question **D6**.

YES Read below.

WHAT YOU MAY NEED

- Statements from your bank, building society or credit union.
- Written evidence from your supplier or association.
- Other written evidence (see pages 40–1).
- Your *PAYG payment summary – individual non business*.
- *Taxation Ruling TR 93/30 – Deductions for home office expenses*.
- *Practice Statement PS LA 2001/6 – Home office expenses*.
- *Guide to depreciating assets* (NAT 1996–6.2005). This publication contains information about deductions for decline in value and balancing adjustments, and **immediate deductions** for certain depreciating 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 option to pool low-value depreciating assets for which you cannot claim an immediate deduction. (If you choose this option, see question **D6 Low value pool deduction**.)

These publications are available on our website or, to find out how to get a printed copy, see the inside back cover.

DEFINITION

A **depreciating asset** is an asset that has a limited effective life and can reasonably be expected to decline in value over the time it is used.


Simplified tax system (STS)

If you are in the simplified tax system you will need to calculate your work-related deduction for depreciating assets using the STS rules. You claim your STS depreciating assets deductions at **P8** on the *Business and professional items schedule for individuals 2005* (NAT 2816–6.2005).

NOTE

To use the STS rules you must be in business and have chosen to enter or continue in the simplified tax system at item **S1** on the *Business and professional items schedule 2005*.

If you did not carry on any business during 2004–05 but have STS pool deductions because you have allocated depreciating assets to an STS pool in a prior year, make your claim for STS pool deductions at item **D15** in the supplementary section of your tax return.

 For more information refer to *The simplified tax system – a guide for tax agents and small businesses* (NAT 6459). This publication is available on our website or, to find out how to get a printed copy, see the inside back cover.

YOU NEED TO KNOW

Receiving an allowance from your employer does not automatically entitle you to a deduction. To claim a deduction, you must have included the whole of the allowance at item **2** on your tax return and incurred the expense, and it must be related to your work as an employee.

If your total claim for all work expenses as an employee exceeds \$300, you may need written evidence to prove your claim. Read pages 40–1 for the written evidence rule.

Debits tax

You can claim a deduction for that part of the debits tax charged on any outgoing from your account where the outgoing can be claimed as an allowable deduction – for example, work-related expenses.

Union fees and subscriptions to associations

You can claim a deduction for union fees and subscriptions to trade, business or professional associations. You can only claim payments of levies to a strike fund where

the fund is used solely to maintain or improve the contributors' pay. Your payment summary may show fees or subscriptions paid by you.

Overtime meals

You can claim a deduction for overtime meal expenses you incurred if you received an overtime meal allowance from your employer which was paid under an industrial law, award or agreement. You can claim only the amount of expenditure you incurred. If your claim is more than \$20.55 per meal, you will need written evidence.

You can only claim for overtime meal expenses incurred on those occasions when you worked overtime and you received an overtime meal allowance payment for that overtime.

An amount for overtime meals that has been 'folded in' (for example, under a workplace agreement) as part of your normal salary or wages income is not considered to be an overtime meal allowance.

Amounts received as overtime meal allowances must be included as income at item **2** on your tax return, subject to the note below.

! NOTE

If your award overtime meal allowance was not shown on your payment summary and was not more than \$20.55 for each meal, you do not have to include the amount at item **2** providing you have fully expended the allowance and do not claim a deduction for overtime meal expenses.

Seminars, conferences or education workshops

You can claim the cost of attending seminars, conferences or education workshops that are sufficiently connected to your work activities.

Books, journals and professional libraries

You can claim the cost of trade magazines, technical journals and reference books that you need to do your work.

You can claim a deduction for the decline in value of a professional library that includes books, tapes, compact discs, records and videos that you need to do your work.

Protective items

This is equipment or other items that you use to protect yourself from the risk of illness or injury posed by your income-earning activities or the environment in which you are required to carry them out. For example, safety glasses, hard hats, gloves, sunscreens and sunglasses. Make your claim for the cost of protective clothing and footwear at question **D3**.

Computers and software

You can claim a deduction for the work-related proportion of the decline in value of computers. If you use your computer for private purposes you must divide your decline in value amount between your work-related and private use. For example, if you use a computer 30% of the time for work and 70% of the time for non-work purposes, then you can claim 30% of the decline in value.

You can also claim a deduction for the work-related proportion of the cost of repairs to your computer and interest on money borrowed to finance the cost of your computer.

See the *Guide to depreciating assets* for information on how to work out your claim.

Telephone expenses

You can claim a deduction for the cost of work-related phone calls.

You can claim a deduction for your telephone rental if you can show you are on call or are regularly required to phone your employer or clients while you are away from your workplace. If you also use your telephone for private purposes you must apportion the cost of telephone rental between work-related and private use.

Home office expenses

You can claim the additional running expenses of a home office – for example, the decline in value of and repairs to your home office furniture and fittings, heating, cooling, lighting and cleaning. You can keep a diary to work out how much of your running expenses relate to doing work in your home office. Alternatively, you can use a fixed rate of 26 cents per hour for home office expenses for heating, cooling, lighting and the decline in value of furniture instead of keeping details of actual costs.

When you use your home office for work as an employee, note that time in your diary. Diary records are acceptable evidence of a connection between the use of a home office and your work. Keep diary records during a representative period and for a reasonable time – for example, at least four weeks.

There is a home office expenses calculator on our website you can use to work out your claim amount.

For further information refer to *Practice Statement PS LA 2001/6 – Home office expenses*. For a complete explanation of the limited circumstances in which you may claim for occupancy expenses of your home, such as rates, rent, mortgage interest and insurance, refer to *Taxation Ruling TR 93/30 – Deductions for home office expenses*.

Low-value pooling

If you choose the low-value pooling method to calculate the decline in value of low-cost and low-value depreciating assets, make your claim at question **D6**.

Other expenses

You can claim a deduction here for any other expenses you incurred in earning your salary or wages that you have not already claimed.

▶ COMPLETING THIS QUESTION

STEP 1 Add up all the expenses that you can claim at this question.

STEP 2 Write the total amount at **E** item **D5** on page 3 of your tax return. Do not show cents.

QUESTION D6

D6

LOW-VALUE POOL DEDUCTION

D6

DEDUCTIONS

You can claim a deduction at this question for the decline in value of low-cost assets and certain other depreciating assets which you have allocated to a low-value pool.

Did you allocate assets used for a taxable purpose to a low-value pool in 2004–05, or have you done so in a previous year?

Read **You need to know** below for the rules about low-value pools.

NO Go to question D7.

YES Read below.

! DEFINITIONS

A **depreciating asset** is an asset that has a limited effective life and can reasonably be expected to decline in value over the time it is used.

A **taxable purpose** is the purpose of producing assessable income, the purpose of exploration or prospecting, the purpose of mining site rehabilitation, or environmental protection activities.

YOU NEED TO KNOW

You can only have one low-value pool.

Once you choose to allocate a low-cost asset to a low-value pool, all low-cost assets you start to hold in that and any subsequent income year must also be allocated to the pool.

You can allocate the following types of depreciating assets to a low-value pool for 2004–05:

- **low-cost assets** – assets costing less than \$1,000, and
- **low-value assets** – assets that are not low-cost assets but which have, under the diminishing value method, been written off to less than \$1,000 as at 1 July 2004.

You cannot allocate the following depreciating assets to a low-value pool:

- assets for which you have previously claimed deductions worked out using the prime cost method
- assets that cost \$300 or less for which you can claim an immediate deduction
- assets for which you deduct amounts under the simplified tax system (STS)
- horticultural plants
- certain depreciating assets used in carrying on research and development activities.

Claiming your low-value pool deduction

You must claim your deduction:

- at item **P8** on the *Business and professional items schedule for individuals 2005* if your low-value pool contains **only assets used in business** and not for any other income-producing purpose

- at this question **in all other cases** – these include where your low-value pool contains assets used in relation to your work as an employee (questions **D1** to **D5**) or to gain rental income (question **20** in *TaxPack 2005 supplement*).

Working out your deduction

You work out your deduction for the decline in value of depreciating assets in a low-value pool using a diminishing value rate of 37.5%.

For the income year in which you first allocate one or more low-cost assets to a low-value pool, you work out your deduction at a rate of 18.75%, or half the normal pool rate. Halving the rate recognises that assets may be allocated to the pool throughout the income year and eliminates the need for separate calculations for each asset based on the date you allocated them to the pool.

➤ You may need the publication *Guide to depreciating assets 2005* (NAT 1996–6.2005). This publication is available on our website or, to get a printed copy, see the inside back cover.

Taxable use percentage

When you allocate an asset to a low-value pool, you must make a reasonable estimate of the percentage of your use of the asset that will be for a taxable purpose over its effective life (for a low-cost asset) or remaining effective life (for a low-value asset). This estimate is the **taxable use percentage**.

Only the taxable use percentage of the cost (of a low-cost asset) or the taxable use percentage of the opening adjustable value (of a low-value asset) is allocated to the pool and used to calculate the deduction for decline in value.

How to calculate your low-value pool deduction

The worksheet on the next page shows you how to work out your low-value pool deduction, using the example below. There is also space for your own calculations.

EXAMPLE

Edward bought a printer for \$600 in 2004–05 and allocated it to a low-value pool. He estimated that the printer would be used 40% of the time for work purposes over its effective life. This is the first year of Edward's low-value pool.

In 2004–05 Edward also decided to allocate an existing laptop computer to the low-value pool. He has previously claimed deductions for the laptop worked out under the diminishing value method. The laptop's opening adjustable value at 1 July 2004 was \$900 and Edward only used it for work purposes.

WORKSHEET Low-value pool deduction

	Edward	You
The closing balance of the pool for 2003–04. If you did not have a low-value pool in 2003–04, write 0 at (a).	(a) \$0	(a) \$
For each low-value asset allocated to the pool in 2004–05, multiply the opening adjustable value (at 1 July 2004) by the taxable use percentage. Add up the amounts and write the total at (b).	(b) \$900	(b) \$
Add (a) and (b).	(c) \$900	(c) \$
Multiply (c) by 37.5%.	(d) \$337	(d) \$
For each low-cost asset allocated to the pool in 2004–05, multiply the cost (including additional capital costs incurred in 2004–05, such as costs of improvements) by the taxable use percentage. Add up the amounts and write the total at (e). <small>(eg \$600 x 40%)</small>	(e) \$240	(e) \$
For each asset allocated to the pool in a prior year and for low-value assets added this year for which you incurred additional capital costs (such as costs of improvements) in 2004–05, multiply the cost by the taxable use percentage. Add up the amounts and write the total at (f).	(f) \$0	(f) \$
Add (e) and (f).	(g) \$240	(g) \$
Multiply (g) by 18.75%.	(h) \$45	(h) \$
Add up the amounts at (d) and (h).	(i) \$382	(i) \$
The amount at (i) is the total low-value pool deduction Edward will show \$382 at K item D6 on his tax return.		

COMPLETING THIS QUESTION

Write the amount of your total low-value pool deduction at **K** item **D6** on page 3 of your tax return.

Closing pool balance

You will need the closing pool balance for 2004–05 to calculate your low-value pool deduction for **next year**. Use the worksheet below to work out the amount.

Disposal of depreciating assets in a low-value pool

If a 'balancing adjustment event' happened to an asset in a low-value pool in 2004–05 (such as the sale, loss or destruction of the asset), you need to reduce the closing pool balance for 2004–05 by the taxable use percentage of the asset's termination value. (The asset's termination value is usually the proceeds from the asset's sale or the insurance payout for its loss or destruction.) If the termination value is more than the closing pool balance, you reduce the closing pool balance to nil and include the excess in your assessable income at question **22**.

WORKSHEET Closing pool balance for 2004–05

	Edward	You
Closing pool balance for 2003–04 (from (a) on Low-value pool deduction worksheet)	\$0	\$
<i>plus</i> Amounts allocated to the pool in 2004–05 for:		
■ low-value assets (from (b) on worksheet)	\$900	\$
■ low-cost assets (from (e) on worksheet)	\$240	\$
■ additional capital costs relating to pooled assets (from (f) on worksheet)	\$0	\$
<i>less</i> Total low-value pool deduction for decline in value (from (i) on worksheet)	\$382	\$
SUBTOTAL	\$758	\$
<i>less</i> Taxable use percentage of termination value of each asset subject to a balancing adjustment event in 2004–05 (see Disposal of depreciating assets in a low-value pool above)	\$0	\$
CLOSING POOL BALANCE FOR 2004–05	\$758	\$

Keep a record of your 2004–05 closing pool balance for next year's tax return.

QUESTION D7

INTEREST AND DIVIDEND DEDUCTIONS

D7

D7

DEDUCTIONS

Did you have any of the following:

- expenses that you can claim as deductions against assessable interest and dividend income
- a 'listed investment company (LIC) capital gain amount' included in a dividend received from a LIC?

Your expenses might include:

- account-keeping fees or management fees
- debits tax
- interest charged on money borrowed to purchase shares.

You can claim a deduction if you are able to show that the expenses were incurred in earning interest and dividend income.

You cannot claim a deduction for expenses incurred in deriving an exempt dividend or other exempt income.

NO Go to question **D8**.

YES Read below.

STOP

Do not show at this question:

- An amount for debits tax on withdrawals relating to an account kept as an essential part of a business. Show this amount at **P8** on your *Business and professional items schedule for individuals 2005* (NAT 2816-6.2005).
- Expenses incurred in earning foreign source interest or dividends. Take these expenses into account in working out the amount you show at item **19** or, in the case of debt deductions, claim at item **D15** on your tax return (supplementary section).
- Expenses incurred in relation to a partnership or trust distribution, rental income, business income, tax costs, and the land transport facilities tax offset scheme or infrastructure borrowings scheme. Refer to the relevant topics in the Index for more information on these matters.

YOU NEED TO KNOW

Account-keeping fees

Some financial institutions charge account-keeping fees. You can claim these fees where the account was held for investment purposes, for example, a cash management account. You will find these fees listed on your statements or in your passbooks.

If you were not the sole holder of an account you can only claim your share of fees, charges or taxes on the account. For example, if you held an equal share in an account with your spouse, you can only claim half of any allowable debits tax paid on that account.

Debits tax


Most state and territory governments charge debits tax for operating certain types of accounts held with financial institutions such as banks, building societies and credit unions. If debits tax was charged to your account, it will be shown on your statements or in your passbooks. You can claim that part of debits tax charged on payments from your account if the payment was for a deductible expense which is also claimed here.

Other deductions

You can claim for interest incurred on money borrowed to purchase shares and other related investments from which you derived assessable interest or dividend income. If you used the money you borrowed for both private and income-producing purposes, then you must apportion the interest between each purpose. Only interest incurred for an income-producing purpose is deductible.

You can claim for ongoing management fees, retainers and amounts paid for advice relating to changes in the mix of investment. However, you cannot claim a fee charged for drawing up an investment plan unless you were carrying on an investment business. You cannot claim a fee paid to an investment adviser for drawing up an initial investment plan which includes pre-existing investments.

You may also be able to claim a portion of other costs if they were incurred in managing your investments. Such costs would include travel expenses, the cost of specialist investment journals or subscriptions, borrowing costs, the cost of internet access and a capital allowance for the decline in value of your computer.

 For more information, read the publication *You and your shares* (NAT 2632-6.2005). This publication is available on our website or, to find out how to get a printed copy, see the inside back cover.

Deduction for 50% of a LIC capital gain amount

If you were an Australian resident when a LIC paid you a dividend, and the dividend included a LIC capital gain amount, you can claim a deduction of 50% of the LIC capital gain amount. The LIC capital gain amount will be shown separately on your dividend statement.

NOTE

Show dividends received from a LIC at question **11 Dividends**.

Thin capitalisation

If you have debt deductions such as interest your claims may be affected by the thin capitalisation rules. These rules may apply if you are an Australian resident for tax purposes and you (or any associate entities) have certain overseas interests, or you are a foreign resident and your debt

deductions (combined with those of your associate entities) for 2004–05 were more than \$250,000. More information is available on our website.

WHAT YOU NEED

- your bank or financial institution statements or passbooks
- your dividend statements showing any LIC capital gain amount.

▶ COMPLETING THIS QUESTION

STEP 1 Add up all your interest and dividend deductions and 50% of any LIC capital gain amount.

STEP 2 Write the total amount at **1** item **D7** on page 3 of your tax return. Do not show cents.

D7

DEDUCTIONS

QUESTION D8

GIFTS OR DONATIONS

D8

D8

DEDUCTIONS

Did you make any of the following:

- a gift or donation of \$2 or more to an 'eligible organisation' (an organisation that is eligible to receive tax-deductible gifts, see below)
- a contribution to an eligible organisation of more than \$250 in respect of a fund-raising event
- a financial contribution of \$2 or more to a registered political party?

OR did you:

- make an approved cultural bequest
- enter into a conservation covenant?

An **eligible organisation** is an organisation that is named in the tax legislation, or has been endorsed by the Tax Office, as a deductible gift recipient, such as:

- certain organisations or charities which gave help in Australia
- an approved overseas aid fund
- a school building fund
- an approved environmental or cultural organisation.

NO Go to question D9.

YES Read below.

NOTE

If you do not know whether you can claim a deduction, see if the information is on the receipt for your donation. If not, contact the organisation for confirmation. If you still do not know, phone the Personal Tax Infoline (see the inside back cover).

WHAT YOU MAY NEED

- your receipts for donations or contributions
- the purchase price and purchase date of any property donated
- your valuations by two or more approved valuers for any donations of property under the Cultural Gifts Program or to a body of the National Trust
- your valuation certificate from the Australian Valuation Office (AVO), if required, for your donation of property valued at more than \$5,000
- a certificate of approval from the Minister for Communications, Information Technology and the Arts for a cultural bequest
- your *PAYG payment summary* – individual non-business or other form of advice from your employer showing the amount you have donated through a 'workplace-giving' program
- your valuation certificate from the AVO in relation to a conservation covenant you have entered into

- written approval from the Minister for the Environment and Heritage for a conservation covenant you have entered into.

YOU NEED TO KNOW

- You cannot claim a deduction for a donation if you received something in return – for example, a pen, raffle ticket, dinner or a reduction in your child's school fees. (see **Deductions for contributions relating to fund-raising events** below for the exception to this rule.)
- If you made a donation to a school building fund and your receipt includes other payments, you can claim only the part that is the voluntary donation.
- The total amount you can claim for contributions to registered political parties is \$100.
- You can claim donations made to prescribed private funds.

TSUNAMI APPEALS

The Tax Office will be issuing extra guidance to taxpayers this year on deductions for gifts including donations to the Boxing Day 2004 Tsunami appeals. For more information visit our website or phone our Personal Tax Infoline.

Gifts of money

You can claim a deduction for the amount of money you donated to an eligible organisation. From 1 July 2003 you can elect to spread your deduction for this donation over five income years or less. You need to make the election in writing before lodging your tax return, setting out the percentage of the deduction you will claim in each year. You may make the election using the form on page 64.

Workplace-giving program

If you made donations during the year to an eligible organisation through your employer's payroll system (known as 'workplace-giving') you still need to record the total amount of your donations at this question.

Your payment summary or other form of advice from your employer, showing the donated amount, is sufficient evidence to support your claim for the deduction. You do not need to have a receipt from the recipient organisation(s).

Deductions for contributions relating to fund-raising events

From 1 July 2004 you can claim a deduction for contributions to eligible organisations that relate to certain fund-raising events where you receive a minor benefit in connection with the contribution, provided that:

- the contribution meets certain conditions, and
- the benefit you got does not exceed a specified limit.

A fund-raising event includes a fete, ball, gala show, dinner, performance or similar event.

Subject to the conditions listed below, you can claim a deduction if you made:

- A contribution of money or property to attend or participate in a fund-raising event (or had the right to attend or participate)
- A contribution of money to purchase goods or services at a charitable auction at the fund-raising event (or the charitable auction was itself the fund-raising event)

Your contribution must meet the following **conditions**:

- it must have been made to an eligible organisation
- it must have been worth more than \$250
- if it was property, you must have either:
 - purchased it within 12 months of making the contribution, or
 - owned it for more than 12 months and the Australian Valuation Office (AVO) valued it at more than \$5,000 (see box on this page)
- the fund-raising event was held in Australia, and
- the minor benefit you received for your contribution was worth no more than \$100 or 10% of the value of the contribution (whichever is less).

The eligible organisation is responsible for determining the market value of the minor benefit you received.

! NOTE

The contribution is the GST-inclusive amount

Your deduction is limited to the part of the contribution in excess of the minor benefit you received.

You can claim a deduction for up to two contributions (that is, yourself and one other person) that you make to attend or participate in the same fund-raising event.

Each successful bid at a charitable auction is a single contribution of money. Provided the conditions are met there is no limit to the number of deductions you can claim for the purchase of goods or services by way of successful bids.

EXAMPLE

Steve and his partner attended a charitable auction in August 2004. He contributed \$600 for the opportunity to attend the fund-raising dinner and auction (\$300 each). The minor benefit (the dinner) he and his partner received was valued by the charitable organisation at \$30 per head (\$60).

In the auction, Steve made four successful bids at \$70 each (\$280) and two successful bids at \$290 each (\$580).

Steve can claim deductions for:

$\$270 \times 2 = \540 (\$600 less the minor benefit of \$60)
 \$580 (the two successful bids at \$290 each)

Steve's total claim is \$1,120.

Steve cannot claim the \$280 he paid for the other items because they were not each worth more than \$250.

If the eligible organisation issues a receipt, it should state:

- the name and Australian business number (ABN) of the organisation
- that your contribution was made to attend the fund-raising event or for your purchases as a successful bidder at the charitable auction
- the contribution amount (if money), and
- the GST-inclusive market value of the minor benefit.

Gifts of property

Under the general gift provisions you can claim a donation of property to an eligible organisation if:

- the property was purchased within 12 months of you donating it, or
- the property was purchased more than 12 months before you donated it and the AVO has valued it at more than \$5,000

The amount deductible is the lesser of the market value of the property at the time of donation and the amount paid for the property.

You cannot claim for property if you did not purchase it (for example, you inherited or won the property) unless the AVO has valued it at more than \$5,000.

From 1 July 2002 you can elect to spread the deduction for a donation of property which is valued by the AVO at more than \$5,000, over five income years or less. You need to make the election in writing before lodging your tax return, setting out the percentage of the deduction you will claim in each year. You may make the election using the form on the next page.

➤ AUSTRALIAN VALUATION OFFICE

For more information about property valuations phone the AVO on **(08) 8218 9008**, fax **(08) 8218 6090** or email **philanthropy@avo.gov.au**


Cultural and environmental gifts

You can elect to spread the deduction for donations made under the Cultural Gifts Program and for environmental and heritage gifts valued by the AVO, over five income years or less. You must lodge your election with the relevant department before you lodge your tax return.

➤ For more information about:

- the Cultural Gifts Program and the election phone the Department of Communications, Information Technology and the Arts on **(02) 6271 1643**, email **cgp.mail@dcita.gov.au** or visit the department's website at **www.dcita.gov.au/cgp**
- making donations to environmental and heritage organisations and the election phone the Department of the Environment and Heritage on **(02) 6274 1467** or email **reo@deh.gov.au**

If, on or after 1 July 2002, you entered into a conservation covenant over land you owned you may be entitled to claim a deduction if certain conditions were met. You can elect to spread the deduction over five years or less. The covenant needs to either be approved in writing by the Minister for the Environment and Heritage or entered into under a program approved in writing by the Minister.

 For more information phone the Department of the Environment and Heritage on **(02) 6274 1111** and ask to speak to the relevant officer in the Natural Resource Management Policy Branch or email **tax@deh.gov.au** or visit the department's website at **www.deh.gov.au/tax/index.html**

If you are an executor or administrator of an estate, you can claim a deduction in the donor's final individual tax return for a cultural bequest made under the Cultural Bequests Program. If the value of the bequest reduces the donor's taxable income to nil, any excess value can be claimed in the first tax return of the estate. You need a certificate of approval issued to the donor, during the 1998, 1999 or 2000 income years, by the Minister for Communications, Information Technology and the Arts.

 **COMPLETING THIS QUESTION**

STEP 1 Add up all the amounts of your eligible donations.

 **NOTE**

If you have been provided with more than one receipt or form of advice (for example, the charity you donate to and your employer have both provided written confirmation of your donations), be sure you claim your donations only once.

STEP 2 Write the total at **J** item **D8** on page 3 of your tax return. Do not show cents.

Spreading a deduction over five years

You can only spread your deduction over five years if it was a gift of property valued at more than \$5,000 by the AVO, or a gift of cash.

You do not need to fill out the election form if you wish to claim the full deduction in the year of donation.

Where you elect to spread your deduction you give up the right to claim the full deduction amount in the year the donation was made.

If you made a donation in conjunction with other donors and you elect to spread your share of the deduction, you must complete your own separate election form and advise us of your percentage share in the donation.

You can vary your election at any time but only for years that you have not lodged a tax return.

Your election must:

- be made in writing, signed and dated
- be made before you lodge your tax return for the income year in which the donation of property was made
- state the percentage of the deduction you will claim in the income year the donation was made and for each year up to five years, the total of which cannot exceed 100% of the original deduction.

You must keep your election for five years from the date you lodge your tax return with the claim for your last apportionment. Do not attach it to your tax return or send it in to us.

ELECTION TO SPREAD DEDUCTION FOR A GIFT

(Does not cover cultural, environmental or heritage gifts.)

Name of donor:

Recipient fund, authority or institution:

Reference number from certificate of valuation (if property):

Percentage ownership share (if given in conjunction with other individuals):

Date of donation:

Apportionment election/variation

Year 1	Year 2	Year 3	Year 4	Year 5
<input style="width: 40px; height: 20px;" type="text"/> %	<input style="width: 40px; height: 20px;" type="text"/> %	<input style="width: 40px; height: 20px;" type="text"/> %	<input style="width: 40px; height: 20px;" type="text"/> %	<input style="width: 40px; height: 20px;" type="text"/> %

(Note: Ensure that your apportionments total 100%.)

This is my first election for this gift (or donation).

This is a variation to a previous election.

Tick the appropriate box.

Signature:

Date:

QUESTION D9

D9

DEDUCTIBLE AMOUNT OF UPP OF AN AUSTRALIAN PENSION OR ANNUITY

D9**DEDUCTIONS**

Did you receive an Australian pension or annuity that has a deductible amount of undeducted purchase price (UPP)?

NO Go to question **D10**.

YES Read below.

STOP

Do not show at this question:

- the deductible amount of the UPP of a foreign pension or annuity. Claim this at question **D12** in *TaxPack 2005 supplement*.

Pensions from Centrelink and the Department of Veterans' Affairs (DVA) shown at question **6** do not have a deductible amount.

YOU NEED TO KNOW

UPP of a pension or annuity

If you showed income from an Australian pension or annuity at item **7** on your tax return, you may be able to reduce the taxable amount of your pension or annuity income if it has a UPP.

The UPP is the amount you contributed towards the purchase price of the pension or annuity for which you did not claim, and were not eligible to claim, a tax deduction.

Your pension or annuity may have a UPP if:

- you received a superannuation pension and you could not claim a tax deduction for some or all of the personal contributions you made to your superannuation fund or retirement savings account in previous years
- you received a pension or annuity that reverted to you on the death of another person, or
- you received a pension or annuity that you bought with your own capital.

Each year, you deduct the part of your pension that represents a return to you of your personal contributions from your taxable pension income. This tax-free part is called the deductible amount of the UPP, 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.

NOTE

If you have commuted any part of your pension into a lump sum, the deductible amount of UPP that you can claim must be recalculated.

COMPLETING THIS QUESTION

If you already know your deductible amount (or you have more than one and you know them all), go to step 1.

If you do not know your deductible amount (or you have more than one and you do not know any of them), the calculator on our website can help you to work it out. Once you have worked it out, go to step 1. Alternatively, go to step 2.

If you have more than one deductible amount and you do not know some of them, you will need to complete steps 1 and 2.

STEP 1 If you have only one Australian pension or annuity, write the deductible amount of your UPP at **L** item **D9** on page 3 of your tax return. Do not show cents. This amount cannot be more than the pension or annuity to which it relates – the amount shown at item **7**.

If you have more than one Australian pension or annuity, write the total of the deductible amounts of your UPPs that you know at **L** item **D9**.

You have finished this question. Go to **Check that you have . . .** on the next page.

STEP 2 Schedule of additional information

If you do not know how much of your UPP you can claim – the deductible amount – your payer may be able to tell you. Otherwise, you will need to provide as an attachment the answers to the questions below so we can work it out for you.

Usually, when you start to receive a pension, your payer will give you a copy of the details regarding your pension. In addition, each year your payer must give you a payment summary for the year, and most payers also supply additional information with the payment summary. You may find the answers to many of the following questions in that additional information.

Print **SCHEDULE OF ADDITIONAL INFORMATION** – **QUESTION D9** on the top of a separate piece of paper and tell us your name, address, tax file number and the answers to the following questions:

- 1 What is your date of birth?
- 2 On what date did your pension or annuity first become payable? This is the first day of the first payment period of the pension or annuity. (Check your original contract, information sheet, or contact your payer if you are unsure.)
- 3 What is the name of the fund or company paying your pension or annuity?
- 4 If you are receiving a superannuation pension:
 - (a) What amount did you personally contribute to your superannuation fund or retirement savings account (RSA) after 30 June 1983?
 - (b) For what part of this amount did you not get a tax deduction?

- (c) Have you rolled over any CGT-exempt amounts to your superannuation fund or RSA? What is the amount?
- 5 If you are receiving a superannuation pension from a fund that has not paid tax on the contributions it received – such as some government funds – or your superannuation pension started before 1 July 1994, what amounts did you personally contribute towards your superannuation before 1 July 1983, for which you did not claim, and were not entitled to claim, a tax deduction or rebate? The Tax Office will insert this figure from information held if you do not have it.
- 6 If you are receiving an annuity or superannuation pension that you bought with one or more eligible termination payments (ETPs):
- What amounts of each component of the ETP did you roll over into the annuity or superannuation pension? (Your pension or annuity payer can give you this information.) Examples are: undeducted contributions, CGT-exempt amounts, concessional components, invalidity components, pre-July 1983 or post-June 1983 components.
 - Did you buy the superannuation pension or annuity you are now receiving with funds obtained solely from rolling over a previous superannuation pension or annuity? If so, when did you first start to receive payments under the previous superannuation pension or annuity?
- NOTE**

This rollover information is important if you bought a pension or annuity on or after 1 July 1994 and the purchase price of the pension or annuity was derived wholly from funds obtained by rolling over a previous pension or annuity which had a starting date earlier than 1 July 1994.
- 7 If you are receiving an annuity that you bought with money other than as described in the previous question, how much did you pay for the annuity?
- 8 Is the period for which you will be receiving the pension or annuity fixed?
- If **YES**, how long is the period?
 - If **NO**:
 - What are the conditions under which the payments are made?
 - Does your pension or annuity have a reversionary beneficiary – this is someone who will be entitled to receive all or part of your pension or annuity payments if you die? If so, what is the name and date of birth of this person?
 - If you are receiving your pension or annuity because it reverted to you upon the death of someone else, what is the name, date of birth and tax file number of the person who died?
- On what date did the deceased person first receive the pension? (Your pension payer may be able to give you this information.)
- 9 If someone else is now entitled to a share of your pension or annuity, what is the percentage to which they are entitled?
- 10 When the pension or annuity stops, will an agreed lump sum – often called the residual capital value – become payable? If so, how much is this lump sum?

If you have commuted (or partially commuted) your pension into a lump sum during the year, the answers to the above questions and the information in the ETP payment summary will be used to recalculate the deductible amount.


If you did not know any of your deductible amounts leave **L** item **D9** blank.

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

You have now completed this question.

CHECK THAT YOU HAVE . . .

- written on your tax return the total deductible amount of the undeducted purchase price of all your Australian pensions and annuities, if you know it
- attached to page 3 of your tax return your signed SCHEDULE OF ADDITIONAL INFORMATION – QUESTION D9, if you need to send us one.

 If you need information or assistance with this question, phone our Superannuation Infoline (see the inside back cover).

QUESTION D10

COST OF MANAGING TAX AFFAIRS

D10

D10

DEDUCTIONS

Did you have expenses:

- relating to managing your own tax affairs
- for advice relating to a claim for family tax benefit (FTB) lodged through the tax system
- imposed by the Tax Office as an interest charge
- imposed by the Tax Office as a penalty for underestimating a varied goods and services tax (GST) instalment
- for complying with your legal obligations relating to another person's tax affairs?

NO Go to **Deductions from the supplementary section** on page 68.

YES Read below.

YOU NEED TO KNOW

Expenses for managing your own tax affairs

These include expenses relating to:

- preparing and lodging your tax return and activity statements
- travel, to the extent that it is associated with obtaining tax advice – for example, the travel costs of attending a meeting with a recognised tax adviser
- appealing to the Administrative Appeals Tribunal or courts, and
- obtaining a valuation needed for a deductible gift or donation of property or for a deduction for entering into a conservation covenant.

Expenses relating to preparing and lodging your tax return and activity statements include costs associated with:

- buying tax reference material
- lodging your tax return through a registered tax agent or the **TAXPACKEXPRESS** service
- obtaining tax advice from a recognised tax adviser, and
- dealing with the Tax Office about your tax affairs.

You can claim fees paid to a recognised tax adviser for preparing or lodging your tax return if those fees were incurred in 2004–05. Generally, you incur the fees the year you pay them. A recognised tax adviser is a registered tax agent, barrister or solicitor. See page 6 for information on how to check whether your tax agent is registered.

EXAMPLE

Louise engaged a registered tax agent to prepare and lodge her 2004–05 tax return. The tax agent lodged her return in September 2005 and charged Louise \$100, which she paid immediately. Louise can claim a deduction for the tax agent's fee in her 2005–06 tax return.

You **cannot claim** for the cost of tax advice given by a person who is not a recognised tax adviser.

Tax shortfall and other penalties for failing to meet your obligations are not deductible.

Expenses relating to an FTB tax claim

You can claim the cost of advice from a recognised tax adviser in relation to an FTB tax claim lodged with the Tax Office at this question.

Expenses incurred as an interest charge

The Tax Office imposes an interest charge on:

- late payments of taxes and penalties, and
- the amount of any increase in your tax liability as a result of an amendment to your assessment.

You can claim any interest charge we impose.

Expenses incurred as a penalty for underestimating a varied GST instalment (GST underestimation penalty)

If you have to pay (or have paid) an interest charge or a GST underestimation penalty to the Tax Office in 2004–05, you can claim that expense at this question.

Expenses for complying with your legal obligations relating to another person's tax affairs

This category includes expenses relating to:

- complying with the pay-as-you-go (PAYG) withholding obligations – for example, where you withheld tax from a payment to a supplier because the supplier did not quote an Australian business number, and
- providing information requested by the Tax Office about another taxpayer.

▶ COMPLETING THIS QUESTION

STEP 1 Add up the amounts of your expenses for managing your own tax affairs, expenses relating to an FTB claim lodged through the tax system, any interest charge or GST underestimation penalty you have incurred and any expenses for complying with your legal obligations relating to another person's tax affairs.

STEP 2 Write the total amount at **M** item **D10** on page 3 of your tax return. Do not show cents.

! NOTE

If you are in business and have elected to enter the simplified tax system (STS), you can only claim expenses at this question if you paid them in 2004–05 (other than expenses for lodging an FTB tax claim).

DEDUCTIONS FROM THE SUPPLEMENTARY SECTION

D

! CAUTION

Read this question carefully – consult *TaxPack 2005 supplement* if you are not familiar with the terms used.

Can you claim any of the following types of deductions?

- Australian film industry incentives
- the deductible amount of the undeducted purchase price of a foreign pension or annuity
- non-employer sponsored superannuation contributions
- certain capital expenditure directly connected with a project
- election expenses for local, territory, state or Federal candidates
- certain deductible capital expenditure you had not claimed in full prior to ceasing a primary production business
- non-capital losses incurred upon the disposal or redemption of a traditional security
- insurance premiums paid for sickness and accident cover
- deductible foreign exchange losses
- interest you incurred on money borrowed to invest under the land transport facilities tax offset scheme or infrastructure borrowings scheme
- debt deductions you incurred in earning certain foreign exempt income or in earning assessable income that you have not claimed elsewhere
- amounts deductible under the five-year write-off for certain business-related capital expenditure under section 40-880 of the *Income Tax Assessment Act 1997*, if you have ceased business or stopped carrying on your business as an individual

- simplified tax system (STS) pool deductions that you can claim under the STS rules and you no longer carry on any business
- deduction for the net personal services income loss of a personal services entity that relates to your personal services income
- United Medical Protection Limited (UMP) support payments by health professionals.

NO Go to **Total deductions** below.

YES You must complete the *Tax return for individuals (supplementary section) 2005*. Read the note below.

! NOTE

The *Tax return for individuals (supplementary section) 2005* is located at the back of *TaxPack 2005 supplement*. If you don't already have a copy of this supplement you can get a copy from most newsagents during the lodgment period (1 July to 31 October 2005). Copies are also available all year from our Publications Distribution Service (see the inside back cover) and shopfronts.

▶ COMPLETING THIS QUESTION

STEP 1 Complete the details at the top of page 9 on your tax return (supplementary section) if you haven't already done so. Use *TaxPack 2005 supplement* to complete the **DEDUCTIONS** section on page 11 of your tax return (supplementary section).

STEP 2 Transfer the amount you wrote at **TOTAL SUPPLEMENT DEDUCTIONS** on page 11 to **D** on page 3 of your tax return.

TOTAL DEDUCTIONS

STEP 1 Add up all the deduction amounts in the right-hand column of items **D1** to **D10** and **D** on page 3 of your tax return.

STEP 2 Write the amount from step 1 at **TOTAL DEDUCTIONS** on your tax return. Do not show cents. Read below.

SUBTOTAL

If you have an amount at **TOTAL DEDUCTIONS** on your tax return, take it away from the amount at **TOTAL INCOME OR LOSS** on page 2 of your tax return. Write the result at **SUBTOTAL**.

If the amount at **SUBTOTAL** is less than zero, print **L** in the **LOSS** box at the right of the amount.

! NOTE

If the amount at **TOTAL INCOME OR LOSS** is a loss, work out **SUBTOTAL** by increasing the amount of this loss (that is, by adding the amount at **TOTAL DEDUCTIONS** to it). Make sure you print **L** in the **LOSS** box at the right of **SUBTOTAL**.

QUESTION L1

TAX LOSSES OF EARLIER INCOME YEARS

L1

L1
LOSSES

⊖ This question has changed. Read it carefully because you need to provide extra information this year.

Did you have any undeducted tax losses of earlier income years?

This question only applies to losses incurred in relation to earning income from **Australian** sources

NO Go to **Taxable income or loss** on page 72.

YES Read below.

A tax loss occurs when the total of your allowable deductions for an income year – excluding tax losses of earlier income years – is greater than the total of your assessable income and your net exempt income. However, some deductions, such as gifts or donations (see question **D8**) and personal superannuation contributions (see question **D13** in *TaxPack 2005 supplement*) are limited for this purpose and cannot be used either to create or increase a loss.

You are entitled to claim a loss of an earlier year against taxable income in a subsequent year but you must claim the loss at your first opportunity to do so. If you had a taxable income last year and did not claim an earlier loss against it, you cannot claim that loss against your 2004–05 income. If you were able to claim a loss last year but did not, you can request an amendment. You must complete this question whether or not you are able to claim the losses against taxable income this year.

⊖ STOP

Do not show at this question:

- Deferred non-commercial business losses from a prior year. Show them at the following relevant item:
 - for partnership activities – item **12** on your tax return (supplementary section), or
 - for sole trader activities – item **P8** on the *Business and professional items schedule for individuals 2005*.
- Capital losses. Show these at item **17 Capital gains** on your tax return (supplementary section).
- Expenses and losses in relation to earning foreign source income. Take these into account at item **19** on your tax return (supplementary section).

WHAT YOU MAY NEED

- records of your tax losses of earlier income years
- your foreign source income statement.

YOU NEED TO KNOW

You must show the amount of your tax losses carried forward from earlier years, separated into primary production or non-primary production. We require this information even if you are not able to claim a loss from an earlier year against your income this year. There are two new sections at item **L1** so you can provide your prior year loss amounts:

- **Q** Primary production losses carried forward from earlier income years, and
- **R** Non-primary production losses carried forward from earlier income years.

You can have incurred your primary production losses in any income year. Your deductible non-primary production losses are limited to losses made in 1989–90 or a later year. Non-primary production losses made before 1989–90 can no longer be deducted from income.

If you have tax losses for more than one earlier income year you must, generally, deduct your losses in the order you incurred them, oldest first. You can only deduct a tax loss to the extent that you have not already deducted it.

Before you can deduct tax losses of earlier income years you must reduce them by your **net exempt income** for the current year and, if relevant, by any amount you elect to use to reduce your net foreign source income. See **Australian losses and foreign source income** on the next page for more details.

! NOTE

Your tax losses of earlier income years can only reduce your Australian source income to zero. If your tax losses of earlier income years are more than your Australian source income you will need to keep a record of the losses to claim next year.

Net exempt income

If you are an Australian resident, your net exempt income includes all your exempt income, including any exempt foreign employment income. To work out your net exempt income you deduct any non-capital expenses you incurred in earning your exempt income and any foreign tax payable on that income from your total exempt income.

If you are a non-resident, your net exempt income includes all your exempt income from Australian sources and film income exempt under section 26AG of the *Income Tax Assessment Act 1936*. To work out your net exempt income you deduct any non-capital expenses you incurred in earning your exempt Australian income and any foreign tax payable on film income exempt under section 26AG from your total exempt income.

Effect of bankruptcy

If you have been bankrupt, you generally cannot claim a deduction for tax losses relating to income years preceding the date you became bankrupt in an income year after that date. This rule also applies if you were released from the debts by the operation of an Act relating to bankruptcy. For more information, phone the Personal Tax Infoline (see the inside back cover).

Australian losses and foreign source income

You can choose to use some or all of your tax losses of earlier income years incurred in earning Australian source income to reduce your net foreign source income, as shown in the example below. You may choose not to reduce your net foreign source income and instead return some or all of the net foreign source income as assessable income. A reason could be the availability of foreign tax credits on some or all of the **net foreign source income**.

! DEFINITION

Net foreign source income is assessable foreign source income less those allowable expenses incurred in deriving the foreign source income.

EXAMPLE

Peter owns a smallgoods business and has accumulated non-primary production tax losses of earlier income years of \$6,000. He made all his losses in 1989–90 and later years.

In 2004–05 Peter had no exempt income but he received \$1,500 income from Germany. He has elected to use \$500 of his tax losses of earlier income years to reduce this foreign income.

Peter's tax losses from earlier income years	(a)	\$6,000
Peter's net exempt income for 2004–05	(b)	nil
Take (b) away from (a). This is the amount of losses available to Peter for 2004–05.	(c)	\$6,000
The amount of tax losses of earlier income years Peter used to reduce net foreign source income	(d)	\$500
Peter will show the balance of the foreign source income of \$1,000 at item 19 .		
Take (d) away from (c). The amount at (e) is the total tax losses of earlier income years available to Peter to reduce net Australian source income shown at SUBTOTAL on page 3 of his tax return. Peter will show this amount at R item L1 .	(e)	\$5,500

Peter then needs to determine how much of these losses he can actually deduct from his net Australian source income. If Peter has at least \$5,500 of net Australian source income at **SUBTOTAL** he will show \$5,500 at **Z** item **L1** on page 3 of his tax return.

If you choose to use your tax losses of earlier income years to reduce your net foreign source income, you will need to provide additional information with your tax return. Print **SCHEDULE OF ADDITIONAL INFORMATION – QUESTION L1** on the top of a separate piece of paper and explain your situation. Include your name, address, tax file number and the amount of tax losses of earlier income years you have used to reduce your net foreign source income. Print **X** in the **YES** box at *Taxpayer's declaration* question **2a** on page 8 of your tax return. Sign your schedule and attach it to page 3 of your tax return.

▶ COMPLETING THIS QUESTION

Your tax losses of earlier income years can only reduce your taxable income to zero. This rule affects how you complete this question.

STEP 1 If your amount at **SUBTOTAL** is a loss, read on. Otherwise, go to step 2.

Write the amount of your primary production tax losses carried forward from earlier income years at **Q** item **L1** on page 3 of your tax return. Do not show cents.

Write the amount of your non-primary production tax losses carried forward from earlier income years at **R** item **L1**. Do not show cents.

Do not complete **F** or **Z** item **L1**. Go to step 5.

STEP 2 If your amount at **SUBTOTAL** is an income amount, work out what carry-forward loss amount you have available to claim against this year's net Australian source income. Use the worksheet below to work out separate primary production and non-primary production loss amounts.

WORKSHEET

		Primary production losses	Non-primary production losses
Tax losses from earlier income years at the beginning of 2004–05*	(a)	\$	\$**
Net exempt income for 2004–05***	(b)	\$	\$
Total losses available this year [take (b) away from (a)]	(c)	\$	\$
The amount of tax losses of earlier income years used to reduce net foreign source income	(d)	\$	\$
Your total tax losses to deduct from SUBTOTAL [take (d) away from (c)]	(e)	\$	\$

* If your losses includes a film loss, special deduction rules apply.

** Do not include at (a) any non-primary production losses made in 1988–89 and earlier income years.

*** If you have both primary and non-primary production losses you can choose where you deduct your net exempt income

For more information, phone the Personal Tax Infoline.

If you have shown an amount at (e) primary production losses, go to step 3.

If you have only shown an amount at (e) non-primary production losses, go to step 4.

STEP 3 Primary production losses

At **Q** item **L1** on page 3 of your tax return, write the amount you worked out at (e) in the 'primary production loss' column of the worksheet in step 1. Do not show cents.

If your amount at **SUBTOTAL** is:

- greater than your amount at **Q**, you can deduct all your prior year primary production losses. At **F** write the amount you have at **Q**.
- less than your amount at **Q**, you can deduct some of your prior year primary production losses. At **F** write the amount you have at **SUBTOTAL**.

If you did not show an amount at (e) non-primary production losses, go to step 5. Otherwise, read on.

STEP 4 Non-primary production losses

Work out the following amount:

SUBTOTAL minus F	(i)	\$
--------------------------------	-----	----

At **R** item **L1**, write the amount you worked out at (e) in the 'non-primary production loss' column of the worksheet in step 1. Do not show cents.

If your amount at (i) is:

- greater than your amount at **R**, you can deduct all your prior year non-primary production losses. At **Z** write the amount you have at **R**.
- less than your amount at **R**, you can deduct some of your prior year non-primary production losses. At **Z** write the amount you have at (i).
- zero, you cannot deduct any non-primary production tax losses of earlier years.

STEP 5 Carry-forward losses at the end of 2004–05

You can carry forward for deduction in future income years:

- any undeducted tax losses of earlier income years, and
- any undeducted loss from this year.

You need a record of your losses separated into primary and non-primary production amounts.

If you have no amounts at **F** and **Z**, you must break up the amount at **SUBTOTAL** into primary and non-primary production losses. To do this follow 1 to 7 in the worksheet on this page.

If you have an amount at **F** and/or **Z**, complete 8 and 9 in the worksheet.

WORKSHEET

1	Your amount at SUBTOTAL (from page 3 of your tax return)	(a)	\$
2	Your 2005 primary production loss [the amount at B item 14 on page 10 of your tax return (supplementary section)]	(b)	\$
3	Your 2005 non-primary production loss [Take (b) from (a)]	(c)	\$
4	Your amount at Q item L1	(d)	\$
5	Your total carry-forward primary production losses [Add (b) and (d)]		\$
6	Your amount at R item L1	(e)	\$
7	Your total carry-forward non-primary production losses [Add (c) and (e)]		\$
8	Your total carry-forward primary production losses [Take the amount at F away from the amount at Q]		\$
9	Your total carry-forward non-primary production losses [Take the amount at Z away from the amount at R]		\$

TAXABLE INCOME OR LOSS

How you complete this item will depend on whether you completed **F** or **Z** at item **L1 Tax losses of earlier income years** on page 3 of your tax return.

Have you completed **F** or **Z** at item **L1**?

YES Go to **Deduct your losses**.

NO Transfer the amount you have shown at **SUBTOTAL** on page 3 of your tax return to **\$ TAXABLE INCOME OR LOSS**. Do not show cents. If the amount at **\$ TAXABLE INCOME OR LOSS** is less than zero, print **L** in the **LOSS** box .

Deduct your losses

Add up the amounts at **F** and **Z** item **L1** and take the total away from the amount you have written at **SUBTOTAL**. Write the answer at **\$ TAXABLE INCOME OR LOSS** on your tax return. Do not show cents.

If the amount at **SUBTOTAL** is a loss, you have no taxable income this year against which you can claim a loss of an earlier year. Print **L** in the **LOSS** box .

! NOTE

Although the amount at **\$ TAXABLE INCOME OR LOSS** is less than zero and you have printed **L** in the **LOSS** box, this amount may not be your tax loss that can be carried forward for next year. Adjustments may have to be made to limit certain deductions – for example, gifts or donations and personal superannuation contributions – to take into account any exempt income and to make other variations. Phone the Personal Tax Infoline (see the inside back cover) for more information.

Your tax losses carried forward from earlier income years plus your tax loss from this income year can be carried forward to be deducted in future income years. You will need to keep a record of these losses.

TAX OFFSET FOR LOW INCOME TAXPAYERS

If you were an Australian resident for tax purposes and your taxable income was less than \$27,475 you may get a tax offset.

The maximum tax offset of \$235 applies if your taxable income was \$21,600 or less. This amount is reduced by four cents for each dollar over \$21,600.

We will work out your tax offset and make sure it comes off your tax. The tax offset will be shown on your notice of assessment. If you want to work out your tax offset, use the low income tax offset calculator on our website or go to page 123. **Do not include anything about this tax offset on your tax return.**

CHILD SUPPORT CLIENTS

The Child Support Agency (CSA) may use your taxable income to make an assessment of child support.

The CSA will include your total reportable fringe benefits amounts, losses from rental properties and exempt foreign employment income when assessing child support liabilities.

DEPENDANTS AND SEPARATE NET INCOME

The purpose of this section is to give you important information about dependants and 'separate net income'. Various questions in *TaxPack* will refer you to this information when you need it.

WHO IS A DEPENDANT?

A dependant can be:

- your spouse – married or de facto
- your parents or spouse's parents
- a student under 25 years old who is studying full-time at school, college or university
- a child – including your stepchild or adopted child – who is under 16 years old and not a student
- a child-housekeeper – your child of any age who works full-time keeping house for you
- an invalid relative – your child, brother or sister – who is 16 years or older and:
 - receives a disability support pension or a special needs disability support pension, or
 - has a certificate from a Commonwealth-approved doctor certifying a continuing inability to work.

A dependant needs to be an Australian resident for tax purposes (see page 14). For a spouse, student or child only, they will be treated as a resident if you have always lived in Australia or you came to live in Australia permanently, unless they have set up a permanent home outside Australia.

! NOTE

You can claim a dependant tax offset only if you were an Australian resident for tax purposes.

Did you have dependants waiting to migrate to Australia?

If your spouse and dependent children were overseas in 2004–05, we will consider them to be your dependants for tax offset purposes if you were taking the steps necessary for their migration in a timely manner.

WHAT IS MAINTAINING A DEPENDANT?

You maintained a dependant if:

- you and your dependant lived in the same house
- you gave your dependant food, clothing and lodging, or
- you helped them to pay for their living, medical and educational costs.

If you had a spouse for the whole year and your spouse worked for part of the year, we still consider you to have maintained your spouse – as a dependant – for the whole year.

We consider you to have maintained a dependant even if the two of you were temporarily separated, for example, due to holidays or because they were overseas.

If you maintained a dependant for only part of the year, you may need to adjust your claim.

WHAT IS SEPARATE NET INCOME?

Separate net income (SNI) is income and other specified amounts that your dependant earned or received in 2004–05 while you maintained them. SNI includes some amounts which are not included in the recipient's assessable income. SNI earned by your dependant may affect any claim you are entitled to.

Income included in SNI

SNI includes:

- salary and wages
- termination payments representing unused annual leave and long service leave
- pensions, including exempt pensions listed on page 16
- interest and dividend income – but not the franking credit attached to franked dividends
- business, trust and rental income
- Veterans' Affairs payments and most Centrelink payments, including parenting payment (partnered), carer's payment, remote area allowance and the language, literacy and numeracy supplement
- any net capital gain for the income year
- any maintenance payments your spouse received for their own support after divorce or separation – even though your spouse may not need to declare such income for tax purposes
- the maintenance or accommodation component of a scholarship paid by the Commonwealth or a state except where that component is paid for helping to educate isolated children aged under 16 years.

Income not included in SNI

SNI does not include:

- the following Centrelink payments:
 - child care benefit
 - family tax benefit (FTB)
 - the one-off carer bonus announced in the 2005 Budget
 - the one-off payment of \$600 per child
 - maternity allowance
 - maternity immunisation allowance
 - maternity payment
 - carer allowance (but note that carer payments ARE included in SNI)
- baby bonus
- franking credits attached to franked dividends
- the value or amount of any non-government scholarship received in connection with the education of a dependent child or student
- the value or amount of any Commonwealth or state assistance provided for school fees, the purchase of textbooks or travelling expenses

- lump sum severance or retirement payments of a capital nature or amounts paid as compensation for losing a job
- maintenance paid to your spouse for support of their dependent children
- amounts received under the incentive payments scheme relating to certain private health insurance policies
- the Japanese internment compensation payments made under the *Compensation (Japanese Internment) Act 2001* or the *Veterans' Entitlements Act 1986*
- compensation payments received under the German Forced Labour Compensation Programme (GFLCP).

What can reduce SNI?

In calculating separate net income (SNI) your dependant's income can be reduced by:

- any expenses they incurred in 2004–05 in earning their income which they could claim as a deduction
- any amount they could claim in 2004–05 for the deductible amount of the undeducted purchase price of their pension or annuity at question **D9**, or question **D12** in *TaxPack 2005 supplement*
- net child care expenses they incurred in 2004–05 because they were working – that is, the amount paid by the dependant less any cash rebates (for example, child care benefit and rebates provided by an employer or union)
- their expenses for travel during 2004–05 to and from child care because they were working
- their expenses for travel during 2004–05 to and from work
- expenses they incurred in 2004–05 in conducting a business activity that resulted in a deferred non-commercial business loss, even if they did not lodge a tax return.

Where any of the above expenses include car expenses, we accept a calculation of the expense based on a rate per kilometre multiplied by the actual number of kilometres travelled – see the 'cents-per-kilometre' method described on page 45. If this method is used, the 5,000 kilometre limit does not apply for the purpose of calculating your dependant's SNI.

Your dependant does not need written evidence of expenses which reduce their SNI but they must be able to demonstrate that they actually incurred the relevant expenses.

What doesn't reduce SNI?

Your dependant's SNI cannot be reduced by:

- amounts they paid for gifts, donations, or tax agent fees
- tax withheld, superannuation contributions or losses brought forward from 2003–04 or earlier years
- self-education expenses that would not be tax-deductible because their only income is from austudy, youth allowance or work that is not connected with self-education.

HOW MUCH SNI CAN YOUR DEPENDANT EARN?

For some of your claims relating to dependants, the amount you may be entitled to will be affected by their SNI. For example, some tax offsets are reduced by \$1 for every \$4 of SNI over \$282 that your dependants earned in 2004–05. We explain at each question the amount of SNI your dependants can earn before your claim is affected.

TAX OFFSETS AND YOUR TAX WITHHELD

If your tax offset or family tax benefit entitlements have changed since you last filled in a *Withholding declaration* (NAT 3093–7.2005) authorising your payer to vary the amount of tax withheld, you may need to fill in a new declaration.

If your family tax benefit entitlements have changed, you will also need to complete the *Withholding declaration – Family tax benefit worksheet* (NAT 7089–7.2005). Contact your payer for more information. Failure to fill in a new declaration may result in a tax debt.

Pages 79–98 tell you about tax offsets. For more information about family tax benefit, see pages 75–8.

FAMILY TAX BENEFIT

Did you have care of a dependent child under 21 (or under 25 if they were studying full-time) at any time between 1 July 2004 and 30 June 2005?

! EXPLANATION OF TERMS

Care and other terms used in this section are defined at **Explanation of terms** on page 78.

NO You cannot claim FTB and do not need to continue reading this section. Go to **Tax offsets** on page 79.

YES Read on.

Did you or your spouse receive family tax benefit (FTB) payments directly from the Family Assistance Office (FAO) for the full financial year?

YES You do not need to lodge a claim. You only need to read **How does income affect your FTB Part B** on page 77 to find out if you are eligible to claim a tax offset at question **T1**. Your FTB payments would have included Part B if you satisfy the Part B eligibility tests.

If you or your spouse is required to lodge a tax return you must do so by the due date – see **Lodge your tax return by 31 October 2005** on page 12. If you lodge after this date you may incur penalties for late lodgment. If you have been paid too much FTB, the FAO will recover any amount you should not have received. Your tax refund – or your spouse's if they gave consent – can be used to recover these amounts directly.

➤ For more information on reconciliation of FTB see the publication *Family tax benefit (FTB) tax claim instructions 2005* (NAT 4108–6.2005).

Go to **How does income affect your FTB Part B** on page 77.

NO Read on.

WHAT IS FAMILY TAX BENEFIT?

FTB has two parts, Part A and Part B. Part A is designed to help with the cost of raising children. Part B is designed to give extra help to families with one main income, including single parent families. You may be eligible for Part A or Part B or both.

Part A is paid for each dependent child you care for where the dependent child is aged under 21 and for those dependent children aged 21 to under 25 who are studying full-time.

Part B is a family payment (that is, it is not paid per child) and can be paid until the youngest child turns 16 or until the end of the calendar year in which the youngest child turns 18 – provided the child is studying full-time and is not receiving a social security payment such as youth allowance or an education allowance such as ABSTUDY.

If you are eligible for FTB for a child who has died, you may be entitled to a bereavement payment. For more information visit the FAO or phone **13 61 50**.

ARE YOU ELIGIBLE FOR FAMILY TAX BENEFIT?

➤ FTB CALCULATOR

The family tax benefit calculator on our website can help you work out whether you are eligible for the family tax benefit. If you are, it can also work out the amount you are entitled to claim.

To be eligible to claim FTB **you** must satisfy the following three criteria:

- You must have provided care to a **dependent child** (see the definition on the next page).
- If you shared the care of the dependent child with another person who is not your current spouse, you must have cared for the child for a minimum of 10% of the assessment period. For example, if you shared the care over a full income year you must have cared for the dependent child for at least 37 nights of the 2004–05 income year.
- You must have satisfied the residency requirements for family assistance purposes (see below). These differ from those required for tax purposes.

Residency for family assistance purposes

For family assistance purposes an Australian resident is:

- a person who is living in Australia on a permanent basis and is one of the following:
 - an Australian citizen
 - the holder of a permanent visa
 - the holder of a special category visa (that is, someone who arrived on a New Zealand passport)
- the holder of certain temporary visas as at April 2005, these are limited to: 309, 310, 447, 451, 695, 785, 786, 820 or 826)
- the holder of a Criminal Justice Stay Visa granted for the purpose of assisting in the administration of criminal justice in relation to the offences of people trafficking, sexual servitude or deceptive recruiting.

Having a tax file number does not necessarily mean you meet the residency requirements for family assistance.

If you are unsure of your residency status contact the Family Assistance Office (FAO).

DO YOU HAVE AN ELIGIBLE DEPENDENT CHILD?

To be eligible, your dependent child must:

- have been in your care and you must have been responsible (whether alone or jointly with someone else) for their day-to-day care, welfare and development
- have been an Australian resident or have lived with you
- not have been your spouse
- have resided in Australia for some of the period 1 July 2001 to 30 June 2005.

A child is not a dependent child if:

- they (or someone on their behalf, for example, a parent) received any of the payments listed at questions 5 and 6 on pages 27–8
- they were 16 or older and received payments under an ABSTUDY schooling or tertiary scheme, the Student Financial Supplement Scheme, the Veterans' Children Education Scheme, or the Post-graduate Awards Scheme
- they had an adjusted taxable income of more than the income limit in the table below.

Age of child	Income limits
Under 5 years	No limit
5 to 15 years studying full-time	No limit
5 to 15 years not studying full-time	\$10,948
Aged 16 to under 25 years	\$10,948

Did you satisfy the eligibility criteria AND did at least one dependent child or full-time student that you provided care for satisfy the dependent child eligibility criteria?

NO You are not eligible to claim family tax benefit. Go to **Tax offsets** on page 79.

YES Read on.

If you are unsure of how you would like to claim your family tax benefit (FTB), work through the following steps to find out which way is best for you.

STEP 1 Did you receive an income support payment from Centrelink for the whole income year? (Income support payments are listed at questions 5 and 6 on pages 27–8.)

NO Go to step 2.

YES Your FTB would have been paid in addition to your income support payment. You should not lodge an FTB tax claim. If you would like further information contact the FAO. Go to **Tax offsets** on page 79.

STEP 2 Was your family adjusted taxable income for the 2004–05 year less than \$32,485?

NO You can choose how you would like to claim your FTB – from the Tax Office or from the FAO. If you reduced your PAYG withholdings in anticipation of your FTB entitlement, you should claim through the Tax Office or you will incur a tax debt.

YES You may be entitled to a health care card. Health care cards are not available through the tax system. To receive your health care card you should claim your FTB directly from the FAO. You may also be eligible for rent assistance – for more information regarding health care cards and rent assistance contact the FAO. Go to **Tax offsets** on page 79.

If you would like to claim your FTB through the FAO – either as a lump sum or as fortnightly payments – contact the FAO to get the appropriate FAO claim form. Otherwise, read on.

HOW DOES INCOME AFFECT YOUR FTB PART A?

The amount of Part A you receive depends on your family adjusted taxable income (ATI). Your family ATI is the total of your and your spouse's ATI.

Use the table on the next page to help you determine if you are entitled to any Part A. When using the table, use the age of your dependent child or children at 30 June 2005. If your dependent child turned 25 during the income year, count the child in the 'Number of dependent children aged 18 to under 25' row.

 You can use the calculator on our website to work out your rate. There is also a rate estimator on the online services page of the FAO website at www.familyassist.gov.au

In the table on the next page:

If all your children were aged under 18 years at 30 June 2005, find the column that shows the number of dependent children you had. Your income limit is the amount shaded **blue** in your column.

If all your children were aged 18 to under 25 years, find the row that shows the number of dependent children you had. Your income limit is the amount shaded **pink** in your row.

If you have children in both age groups, find the column that shows the number of dependent children you had aged under 18 and the row that shows the number of dependent children you had aged 18 to under 25 years. Your income limit is the unshaded amount where your column and your row meet.

If your family adjusted taxable income is equal to or more than the income limits in the table you are not entitled to Part A, but you may be entitled to Part B. Read on.

 **NOTE**

You may have become or ceased to be eligible for Part A during the income year if:

- your marital status changed
- any FTB children aged 21 to under 25 ceased studying, or
- you gained the care of, or ceased to care for, a dependent child.

PART A FAMILY ADJUSTED TAXABLE INCOME LIMIT

		Number of dependent children under 18			
		0	1	2	3
Number of dependent children 18 to under 25	0	Not eligible	\$89,803	\$98,940	\$108,077
	1	\$91,092	\$100,229	\$109,367	\$119,307*
	2	\$101,519	\$110,656	\$120,596	\$130,537*
	3	\$111,946	\$121,886	\$131,826	\$141,766*

* If your children are aged 13 to 15 your income limit is higher – contact the Family Assistance Office.

Note: If you had more than three children in either age group add \$9,940 for each dependent child aged under 18 and \$11,230 for each one aged 18 to under 25.

If you had triplets or greater and had full care of the children your income limit is increased by the multiple birth allowance: \$9,722 for triplets and \$12,958 for quadruplets or greater.

EXAMPLE

If you had one dependent child aged under 18 years and no dependent children aged 18 to under 25, your income limit is \$89,803. If you had no dependent children aged under 18 years and three dependent children aged 18 to under 25, your income limit is \$111,946. If you have three dependent children aged under 18 years and two dependent children aged 18 to under 25, your income limit is \$130,537.

Are you entitled to Part A?

NO You may still be entitled to Part B. See **How does income affect your FTB Part B**.

YES See **How to claim FTB from the Tax Office** on this page. You may also be entitled to Part B. Read on.

Unsure? Contact the Family Assistance Office (FAO).

HOW DOES INCOME AFFECT YOUR FTB PART B

If you were a single parent at any time during the claim period your income will not affect your Part B entitlement for that time.

If you were a member of a couple, only the lower earner's adjusted taxable income (ATI) is taken into account when determining entitlement to Part B. Use the table below to work out if you are entitled to Part B.

Age of dependent child	Lower earner's income limit at which part B stops being paid
Under 5 years	\$18,947
5 to 18 years*	\$14,421

* If your youngest child was aged 16 to 18 years at any time during the claim period you can only be entitled to Part B for that child if they were studying full-time. If the child was 18 you will be entitled to Part B until 31 December of the year they turned 18.

If you have a shared care arrangement for any of your children, Part B is calculated for each eligible child and payment is based on the child with the highest rate.

Are you entitled to Part B?

NO Go to **Tax offsets** on page 79.

YES See **How to claim FTB from the Tax Office** on this page.

Unsure? Contact the FAO.

! NOTE

If your entitlement to Part B was:

- for only part of the year – you may be able to claim a spouse tax offset at question **T1** for the rest of the year, or
- at a rate based on a child you or your spouse shared the care of with someone else, for example, an ex-spouse – you may be able to claim a spouse tax offset at question **T1** for the periods when the child was not in the care of you or your spouse.

HOW TO CLAIM FTB FROM THE TAX OFFICE

If you would like to claim your FTB through the Tax Office you will need to complete a separate form, the *Family tax benefit (FTB) tax claim 2005* and then lodge it with or after your *Tax return for individuals 2005*.

This form is included with the *Family tax benefit (FTB) tax claim instructions 2005* (NAT 4108–6.2005). This publication is available on our website or, to find out how to get a printed copy, see the inside back cover. An FTB tax claim for the 2004–05 financial year can be accepted until 30 June 2007.

If you have a 2003–04 FTB tax claim that you have not lodged with the Tax Office you must do so by 30 June 2006.

EXPLANATION OF TERMS

Below is an explanation of terms used in this information section. If you are still unsure about a term after reading the explanation, contact the Family Assistance Office (FAO).

Adjusted fringe benefits

This is the reportable fringe benefits amount 'grossed down'.

Any reportable fringe benefits will appear on your payment summary. You need to write the reportable amount on your family tax benefit tax claim or on your tax return. The FAO will automatically reduce any amounts that appear on your payment summary to the adjusted amount.

To 'gross down' your adjusted fringe benefits amount use the following formula:

$$\text{reportable fringe benefits amount} \times 51.5\%$$

Adjusted taxable income (ATI)

The components of adjusted taxable income are as follows:

- taxable income
 - adjusted fringe benefits
 - net rental property losses
 - tax-free pensions or benefits, and
 - target foreign income
- less
- deductible child maintenance expenditure.

Each of these components is described in detail on this page.

Assessment period

An assessment period is used to calculate your shared care percentage.

An assessment period BEGINS on the latest of:

- the day on which you started to share the care of the dependent child, or
- the day on which care arrangements for the dependent child changed, or
- 1 July in the income year being claimed for.

An assessment period ENDS on the earlier of:

- 30 June of the income year in which the period began, or
- the day before the day on which the care arrangements of the dependent child changed, or
- the day on which the care of the dependent child stopped.

The assessment period is not affected if there were short-term absences and it was intended that the child would return to your care or there were minor variations to your shared care arrangements – for example, if a child who normally stayed with your ex-spouse for a weekend did not do so because of illness.

Care

Care means that you had responsibility for the day-to-day care, welfare and development of the child. Generally, day-to-day care includes physical care.

You can still care for your dependent child if they were being educated away from your home – for example, at university.

Deductible child maintenance expenditure

Deductible child maintenance expenditure is the amount of child maintenance (also known as child support) you are required to pay to another person to maintain your natural or adopted child. To work out your ATI **deduct** this amount from the total of all the other ATI amounts.

Full care

You had full care of your children if you and/or your current spouse cared for your children for the whole assessment period and you are claiming on behalf of your family.

Net rental property losses

Net rental property losses are shown at **Net rent** item **20** on page 11 of your tax return supplementary section. Only include this amount if you have shown a rental loss – you will have printed **L** in the **LOSS** box at the right of **Net rent**. The value of any net property loss is counted as income for ATI purposes.

Shared care

Shared care is where you and/or your spouse cared for a child for some of the time during the assessment period and someone else – for example, your ex-spouse – cared for the child for the rest of the time, such as weekends or school holidays. You can work out your shared care percentage as follows:

$$\frac{\text{Number of nights you and/or your spouse cared for the child in an assessment period}}{\text{Number of nights in the assessment period}} \times 100$$

You will need accurate records to claim your correct percentage of FTB, particularly if your care arrangements changed during the year. The percentage can be different for different periods if your pattern of care changed during the year. If you need help to work out your shared care percentage contact the FAO.

Spouse

Your spouse is the person to whom you were married or with whom you lived in a de facto relationship at any time during the claim period, provided you were not living separately and apart on a permanent or indefinite basis. You may have had more than one spouse during the claim period.

Target foreign income

Target foreign income is income, in Australian dollars, from sources outside Australia. Do not include any amounts you have already included in your taxable income and any foreign income received in the form of a fringe benefit.

If you received amounts of target foreign income throughout the income year, use the exchange rate applicable on 1 July 2005 to convert foreign amounts to Australian dollars. You will find the applicable exchange rates on the FAO website under **How to calculate income** or you can get them from the FAO.

Taxable income

This is the amount that you have written at **TAXABLE INCOME OR LOSS** on your *Tax return for individuals 2005*. If you have a taxable loss the amount to be included in your calculation of adjusted taxable income is zero.

If you are completing your family tax benefit (FTB) tax claim separately from your tax return, taxable income is also shown on your income tax notice of assessment issued by the Tax Office.

Tax-free pensions or benefits

These are listed under **Pensions** on page 16 of *TaxPack*. For FTB purposes double orphan pension is not included.

Tax-free pensions or benefits do not include bereavement payment, pharmaceutical allowance, rent assistance, remote area allowance or language, literacy and numeracy supplement.

Tax offsets directly reduce the amount of tax you must pay. They are not the same as deductions, which are taken off your income before your tax is worked out.

With a tax offset, we work out the tax due on your taxable income then reduce it by the total amount of your tax offsets.

Tax offsets can only reduce the amount of tax you pay to zero, that is, if your tax offsets are greater than your tax due, you do not get a refund of the excess amount – with three exceptions. The three refundable tax offsets are:

- the private health insurance rebate (see question **T5**)
- the franking tax offset (see question **11**)
- the baby bonus (see question **T6**).

Tax offsets, in general, do not reduce your Medicare levy; however, where you have excess refundable tax offsets, you can use them to reduce your tax, including your Medicare levy.

Generally, there are three types of tax offsets:

- to provide tax relief for personal circumstances (for example, offsets for senior Australians and people living in remote areas)
- to give you a credit for an amount of tax that has effectively already been paid (for example, credits for franked dividends and foreign tax)
- to provide an incentive (for example, the new tax offset for mature age workers – see page 125 – and the private health insurance rebate).

Some offsets appear on the following pages; some are part of other questions.

QUESTION T1

SPOUSE (WITHOUT DEPENDENT CHILD OR STUDENT), CHILD-HOUSEKEEPER OR HOUSEKEEPER

T1

T1**TAX OFFSETS**

Did you have any of the following for any part of the year?

- a spouse
- a child-housekeeper, or
- a housekeeper

! DEFINITIONS

A **spouse** can be married or de facto.

A **child-housekeeper** is your child, adopted child or stepchild who kept house for you full-time.

A **housekeeper** is someone who kept house for you full-time and also cared for your eligible dependent child, student or invalid relative or your dependent spouse who received a disability support pension.

NO Go to **Eligibility for the senior Australians tax offset** on page 87.

YES Go to **Part A** below.

PART A

Dependent spouse – married or de facto

You had a dependent spouse if you maintained them. Read **What is maintaining a dependant?** on page 73.

Did you have a dependent spouse – married or de facto?

NO Go to **Part B** on page 83.

YES Read on.

Did you have a dependent child or student for any part of the year?

NO Go to **Dependent spouse eligibility checklist** in the next column.

YES Read on.

STOP

You cannot claim a spouse tax offset for any period that you or your spouse (during any period they were your spouse) were entitled to family tax benefit (FTB) Part B at a rate based on having full care of a child (full care rate). This rule applies even if neither you nor your spouse claimed FTB Part B when eligible to do so. To find out if you or your spouse were eligible for FTB Part B, you will need to read the information on family tax benefit at pages 75–8. Then return to this page and work through the questions in the next column.

Were you or your spouse (during any period they were your spouse) entitled to FTB Part B for the whole year?

NO Go to **Dependent spouse eligibility checklist** below.

YES Read on.

Were you or your spouse (during any period they were your spouse) entitled to FTB Part B for any part of the year at a rate based on sharing the child with someone else, such as a former spouse (shared care rate)?

NO You cannot claim a dependent spouse tax offset or a child-housekeeper tax offset. Go to **Part C** on page 85.

YES Go to **Dependent spouse eligibility checklist** below.

Dependent spouse eligibility checklist

You are eligible to claim a dependent spouse tax offset for any period in 2004–05 that you had a spouse and you met ALL these conditions:

- you maintained your spouse – see **What is maintaining a dependant?** on page 73
- your spouse was a resident – if you are unsure, read **Are you an Australian resident?** on page 14
- you were a resident at any time in 2004–05
- you (or your spouse if they were your spouse during that period) were NOT entitled to FTB Part B or were only entitled to it at the shared care rate (for more information on FTB, read pages 75–8).

! NOTE

Your spouse's separate net income (SNI) for the period(s) you are claiming a spouse tax offset reduces your claim by \$1 for every \$4 by which their SNI exceeded \$282 (see steps 6–10 of the worksheet on page 84). You cannot claim a spouse tax offset if you had a dependent spouse for the whole year and your spouse's SNI was more than \$6,569. Read **What is separate net income?** on pages 73–4.

How much can you claim?

The maximum spouse tax offset you may be able to claim is \$1,572. You may be entitled to a partial tax offset if:

- you had a spouse for only part of the income year, or
- you met all of the eligibility tests for only part of the income year – for example, if your spouse ceased to be a resident during 2004–05 or you (or your spouse) were not entitled to FTB Part B for part of the year.

Are you eligible to claim a dependent spouse tax offset?

NO Go to **Part B** on page 83.

YES Go to the table below. Follow steps 1–5 to work out your maximum available tax offset amount for the period(s) you are eligible to claim. Then follow steps 6–10 to work out your allowable tax offset claim after any reduction for your spouse’s separate net income (SNI). Then work through steps 11–14, if they apply to you, to complete this section.

Note: If you had a dependent spouse for part of the year and a different dependent spouse for another part of the year, you will need to go through the steps twice – once for each spouse – and then add the results.

HOW TO CLAIM YOUR DEPENDENT SPOUSE TAX OFFSET	
STEP 1	<p>If you had a dependent spouse for the whole year and neither of you were entitled to family tax benefit (FTB) Part B at ANY time during the year:</p> <p>1. Write \$1,572 at (a). (a) \$ <input type="text"/></p> <p>2. Go to step 5.</p>
STEP 2	<p>If you had a dependent spouse for only part of the year and neither of you were entitled to FTB Part B during that period:</p> <p>1. Work out the number of days you had a spouse and multiply this number by \$4.31 (the daily rate). Write the amount at (b). (b) \$ <input type="text"/></p> <p>2. Go to step 5.</p>
STEP 3	<p>If you or your spouse were entitled to FTB Part B at any time during the year (see Example 1, page 82):</p> <p>1. For the period you had a dependent spouse, work out the number of days that neither of you were entitled to FTB Part B.</p> <p>2. Multiply by \$4.31 (the daily rate) the number of those days you worked out in 1. Write the amount at (c). (c) \$ <input type="text"/></p>
STEP 4	<p>If you or your spouse were entitled to FTB Part B at the shared care rate at any time during the year (see Example 2, page 82):</p> <p>1. For the period you had a dependent spouse, work out the number of days that you or your spouse were entitled to FTB Part B at the shared care rate.</p> <p>2. Multiply the number of the days worked out in 1. by \$4.31 (your answer is \$1,572 if you had a dependent spouse for the whole year).</p> <p>3. Work out your shared care percentage – see explanation on page 78 and Example 2 on page 82.</p> <p>4. Deduct your shared care percentage from 100%.</p> <p>5. Multiply the amount you worked out in 2. by the percentage you worked out in 4. Write the amount at (d). (d) \$ <input type="text"/></p>
STEP 5	<p>Add up any amounts at (a), (b), (c) and (d) and write the total at (e). (e) \$ <input type="text"/></p> <p>This is your maximum available tax offset. It cannot be more than \$1,572.</p>
STEP 6	<p>If your spouse’s SNI for the year (or for the period you are claiming a spouse tax offset if this is not for the whole year) was less than \$286, write the amount from (e) at (j) (step 10), then go to step 12. Otherwise, go to step 7.</p>
STEP 7	<p>If your spouse’s SNI was \$286 or more, write at (f) their SNI for the year (or for the period you are claiming a spouse tax offset if this is not for the whole year). (f) \$ <input type="text"/></p>
STEP 8	<p>SNI at which the tax offset begins to reduce (g) \$282</p> <p>Take (g) away from (f) and write the amount at (h). (h) \$ <input type="text"/></p>
STEP 9	<p>Divide (h) by 4 and write the amount at (i). (i) \$ <input type="text"/></p>
STEP 10	<p>Take (i) away from (e) and write the amount at (j). (j) \$ <input type="text"/></p>

STEP 11 If the amount at (j) is \$0 or less, you cannot claim a dependent spouse tax offset. Go to **Part B** on page 83.
If the amount at (j) is more than \$0, this is your allowable tax offset. Go to step 12.

STEP 12 Write your allowable tax offset from (j) at **P** item **T1** on page 4 of your tax return, or on a piece of notepaper if you are going to claim a child-housekeeper or housekeeper tax offset for another part of the year. Do not show cents.

STEP 13 Leave blank the **CLAIM TYPE** box at the right of **P** item **T1**.

STEP 14 Complete **Spouse details – married or de facto** on pages 6–7 of your tax return. Provide relevant details including your spouse’s separate net income (SNI) at **R**.
If your spouse did not have any SNI write **0**. You must also complete **Your spouse’s name** on page 1 of your tax return.

If you are going to claim a child-housekeeper or housekeeper tax offset, go to **Part B** on page 83.

If not, go to **Check that you have . . .** on page 86.

EXAMPLE 1

Eligible for family tax benefit (FTB) Part B at any time during the year (see step 3 in the table on page 81)

Sam remarried on 1 October 2004, so he had a spouse for 273 days during 2004–05.

From 1 October 2004 Sam had full care of Ella, his daughter from his previous relationship.

Ella left school at the end of the 2004 school year. She turned 16 on 30 April 2005.

Sam is entitled to claim FTB Part B for Ella from 1 October 2004 until 30 April 2005 (212 days). He can also claim a dependent spouse tax offset for 61 days (273 days he had a dependent spouse less the 212 days he was entitled to claim FTB Part B for Ella).

	Sam	You
1. For the period you had a dependent spouse, work out the number of days that neither of you were entitled to claim FTB Part B.	61	
2. Multiply the number of days you worked out in 1. by 4.31 (the daily rate). Transfer this amount to (c) in the table on page 81.	\$263	\$

EXAMPLE 2

Eligible for FTB Part B at the shared care rate (see step 4 in the table on page 81)

Koby had a dependent spouse for the whole year.

Koby and his former spouse shared the care of their son, Aiodan, for the whole year. Koby’s share of the care was 146 nights: Koby’s shared care percentage for the year is 40% (146 nights divided by 365, multiplied by 100).

	Koby	You
1. For the period you had a dependent spouse, work out the number of days that you or your spouse were entitled to FTB Part B at the shared care rate.	365	
2. Multiply the number of days worked out in 1. by \$4.31 (or use \$1,572 if you had a dependent spouse for the whole year).	\$1,572	\$
3. Work out your shared care percentage – see above.	40%	%
4. Deduct your shared care percentage from 100%.	60%	%
5. Multiply the amount worked out in 2. by the percentage worked out in 4.	\$943	\$
Transfer this amount to (d) in the table on page 81.		

! NOTE

If the shared-care percentage changed during the year, you will need to do this calculation for each period during the year that the percentage was different.

PART B

Child-housekeeper

A child-housekeeper is your child, adopted child or stepchild who kept house for you full-time. A child who is a full-time student or a full-time employee is not considered to keep house full-time. Keeping house means more than simply child-minding or performing domestic duties. It includes having some responsibility for the general running of the household.

Did you have a child-housekeeper?

NO Go to **Part C** on page 85.

YES Read on.

Child-housekeeper eligibility checklist

You are eligible to claim a child-housekeeper tax offset for any period in 2004–05 that you had a **child-housekeeper** and you met ALL these conditions:

- you maintained your child-housekeeper – see **What is maintaining a dependant?** on page 73
- your child-housekeeper was a resident – if you are unsure, read **Are you an Australian resident?** on page 14
- you were a resident at any time in 2004–05
- you were NOT eligible for a dependent spouse tax offset under **Part A** on page 80
- you were NOT entitled to family tax benefit (FTB) Part B or were only entitled to it at the shared care rate – for more information on FTB, read pages 75–8.

NOTE

Your child-housekeeper's separate net income (SNI) for the period you are claiming reduces your claim by \$1 for every \$4 by which their SNI exceeded \$282 (see steps 6–10 of the worksheet on page 84). You cannot claim a child-housekeeper tax offset if you had a child-housekeeper for the whole year and your child-housekeeper's SNI was over \$6,569 (or \$7,821 if you had an eligible dependent child or student). Read **What is separate net income?** on pages 73–4.

How much can you claim?

The maximum child-housekeeper tax offset you may be able to claim is \$1,572 (or \$1,885 if you had an eligible dependent child or student). A partial tax offset may apply if you:

- had a child-housekeeper for only part of the income year, or
- met all the eligibility conditions for only part of the income year.

Are you eligible to claim a child-housekeeper tax offset?

NO Go to **Part C**.

YES Go to the table below. Follow the steps to work out your allowable tax offset amount for the period(s) you are eligible to claim.

HOW TO CLAIM YOUR CHILD-HOUSEKEEPER TAX OFFSET

Use **Column 1** if you had a child-housekeeper and did not have another dependent child under 16 years old or student under 25 years old.

Use **Column 2** if you had a child-housekeeper and another dependent child under 16 or student under 25 and the SNI of the dependent child or student was less than \$1,786. If the SNI was \$1,786 or more, use **Column 1**.

If the additional child or student was your dependant for only part of 2004–05, use the **Column 2** daily rate if their SNI was less than \$282 plus \$28.92 for each week you maintained them. Otherwise use the **Column 1** daily rate.

COLUMN 1

No other dependent child or student

\$1,572 for the whole year (maximum) or \$4.31 a day

COLUMN 2

Another dependent child or student

\$1,885 for the whole year (maximum) or \$5.16 a day

STEP 1 If you had a child-housekeeper for the whole year and you were NOT entitled to family tax benefit (FTB) Part B at ANY time during the year:

1. Write at (a):
 - \$1,572 in **Column 1** if you had no other dependent child or student, or
 - \$1,885 in **Column 2** if you had another dependent child or student.

2. Go to step 5.

(a) \$ (a) \$

STEP 2 If you had a child-housekeeper for only part of the year and you were NOT entitled to FTB Part B at ANY time during that period:

1. Work out how many days during the year you had a child-housekeeper.
2. Multiply the number of days that you worked out in 1. by the following daily rate:
 - \$4.31 if you had no other dependent child or student (write the answer at (b) in **Column 1**), or

3. Go to step 5.

(b) \$ (b) \$

STEP 3 If you were entitled to FTB Part B at any time during the year:

1. Work out how many days during the year you had a child-housekeeper and you were NOT entitled to FTB Part B.
2. Multiply the number of days worked out in 1. by the following relevant daily rate:
 - \$4.31 if you had no other dependent child or student (write the answer at (c) in **Column 1**), or
 - \$5.16 if you had another dependent child or student (write the answer at (c) in **Column 2**).

(c) \$	(c) \$
--------	--------

STEP 4 If you were entitled to FTB Part B at the shared care rate at any time during the year:

1. Work out how many days during the year you had a child-housekeeper and you were entitled to FTB Part B at the shared care rate.
2. Multiply the number of the days you worked out in 1. by the following daily rate:
 - \$4.31 if you had no other dependent child or student (your answer is \$1,572 if you had a child-housekeeper for the whole year), or
 - \$5.16 if you had another dependent child or student (your answer is \$1,885 if you had a child-housekeeper for the whole year).
3. Work out your shared care percentage – see explanation on page 78 and **Example 2** on page 82.
4. Deduct your shared care percentage from 100%.
5. Multiply the amount you worked out in 2. by the percentage you worked out in 4.
6. Write the amount you worked out in 5. at (d) **Column 1** if you used \$4.31 or (d) **Column 2** if you used \$5.16.

(d) \$	(d) \$
--------	--------

Note: If the shared-care percentage changed during the year you will need to repeat this calculation for each of those periods, then add up these amounts.

- STEP 5** Add up any amounts at (a), (b), (c) and (d) and write the total at (e). This is your maximum available tax offset. The amount cannot be more than \$1,572 (if **Column 1**) or \$1,885 (if **Column 2**).

(e) \$	(e) \$
--------	--------

- STEP 6** Write at **V** item **T1** on page 4 of your tax return your child-housekeeper's separate net income (SNI) for the year (or for the period you are claiming a child-housekeeper tax offset, if this is not for the whole year). Do not show cents. If your child-housekeeper did not have any SNI write **0**.
If your child-housekeeper's SNI was less than \$286, you will receive the full tax offset shown at (e) in your column. This is your allowable tax offset – go to step 11. Otherwise, go to step 7.

- STEP 7** If your child-housekeeper's separate net income (SNI) was \$286 or more, write at (f) their SNI for the year (or for the period you are claiming a child-housekeeper tax offset, if this is not for the whole year). Do not show cents. Make sure you have also written this amount at **V** item **T1** on your tax return.

(f) \$	(f) \$
--------	--------

- STEP 8** SNI at which the tax offset begins to reduce

(g) \$282	(g) \$282
-----------	-----------

Take (g) away from (f) and write the amount at (h).

(h) \$	(h) \$
--------	--------

- STEP 9** Divide (h) by 4 and write the amount at (i).

(i) \$	(i) \$
--------	--------

- STEP 10** Take (i) away from (e) at step 5 and write the amount at (j). If the amount at (j) is \$0 or less, you cannot claim a child-housekeeper tax offset – go to **Part C** on the next page. If the amount at (j) is more than \$0, this is your allowable tax offset – go to step 11.

(j) \$	(j) \$
--------	--------

- STEP 11** Write your allowable tax offset at **P** item **T1** on page 4 of your tax return or add it to the amount you are claiming for spouse tax offset. If you are not going to claim a housekeeper tax offset for another part of the year at **Part C** of this question, write the total at **P** item **T1**. Do not show cents.

If you are going to claim a housekeeper tax offset, write your tax offset entitlement so far on a piece of notepaper and go to **Part C**. Otherwise, go to step 12.

- STEP 12** Print one of the following code letters in the **CLAIM TYPE** box at the right of **P** item **T1** on page 4 of your tax return:

H – if you are claiming a child-housekeeper tax offset only

C – if you are claiming a spouse tax offset for part of the year and a child-housekeeper tax offset for another part of the year.

PART C

Housekeeper

A housekeeper is a person who worked **full-time** keeping house for you and cared for:

- a child of yours under 16 years, irrespective of the child's separate net income (SNI)
- any other child under 16 years (including a student under 16 years) who was your dependant and whose SNI was less than \$1,786
- your invalid relative who was your dependant (see page 73) and for whom you can claim a dependant tax offset – if you are unsure you will need to read question **T10** in *TaxPack 2005 supplement*, or
- your spouse who received a disability support pension.

Keeping house means more than simply child-minding or performing domestic duties. It includes having some responsibility for the general running of the household.

Did you have a housekeeper?

NO If you are claiming a tax offset at **Part A** or **Part B**, go to **Check that you have . . .** on page 86. If not, go to page 87.

YES Read on.

Housekeeper eligibility checklist

If you were an Australian resident at any time in 2004–05, you are eligible to claim a housekeeper tax offset for any period in 2004–05 that you had a **housekeeper** and you met ALL the conditions below for the category that applied to you:

You did not have a spouse

- you were NOT entitled to claim a child-housekeeper tax offset under **Part B** on page 83
- you were NOT entitled to family tax benefit (FTB) Part B or were only entitled to it at the shared care rate – for more information on FTB read pages 75–8

You had a spouse who received a disability support pension

- you were not entitled to claim a child-housekeeper tax offset under **Part B** on page 83

You had a spouse who did not receive a disability support pension

- you were NOT entitled to claim a dependent spouse tax offset under **Part A** on page 80 or a child-housekeeper tax offset under **Part B** on page 83
- you or your spouse were NOT entitled to FTB Part B or were only entitled to it at the shared care rate – for more information on FTB, read pages 75–8
- special circumstances applied – see **Where special circumstances apply** on this page.

Where special circumstances apply

Examples of special circumstances include:

- your spouse deserted you and your children – and you did not enter a de facto relationship
- you had a child with a severe mental disability who required constant attention, or
- your spouse suffered from an extended mental illness and was medically certified as being unable to take part in the care of your children.

Where you consider that special circumstances applied you will need to complete this question and provide additional information. Print SCHEDULE OF ADDITIONAL INFORMATION – QUESTION T1 PART C on the top of a separate piece of paper and explain your situation. Include your name, address and tax file number. Print **X** in the **YES** box at *Taxpayer's declaration* question **2a** on page 8 of your return. Sign your schedule and attach it to page 3 of your tax return.

If the Commissioner does not consider that special circumstances applied, we will advise you. Read on.

How much can you claim?

The maximum housekeeper tax offset you can claim is:

- \$1,572, or
- \$1,885 if you had an eligible dependent child or student.

You may be entitled to a partial tax offset if

- you had a housekeeper for only part of the income year, or
- you met all of the eligibility conditions (for the category that applied to you) for only part of the income year.

Are you eligible to claim a housekeeper tax offset?

NO If you are claiming a tax offset at **Part A** or **Part B**, go to **Check that you have . . .** on page 86. If not, go to page 87.

YES Go to the next page.

HOW TO CLAIM YOUR HOUSEKEEPER TAX OFFSET

COLUMN 1 No dependent child or student	COLUMN 2 With a dependent child under 16 or a student under 25
\$1,572 for the whole year or \$4.31 a day	\$1,885 for the whole year or \$5.16 a day

STEP 1 If you are eligible for a housekeeper tax offset for the whole year AND:

- neither you nor your spouse (during any period they were your spouse), were entitled to family tax benefit (FTB) Part B at ANY time during the year; or
- your spouse received a disability support pension for the whole year

1. Write the appropriate amount from Column 1 (\$1,572) or Column 2 (\$1,885) at (d) step 5, then follow the instructions in step 5.

STEP 2 If you are eligible for a housekeeper tax offset for the whole year:

1. Work out the number of days that:

- neither you nor your spouse (during any period they were your spouse) were entitled to FTB Part B, or
- either you or your spouse (during any period they were your spouse) were entitled to FTB Part B, but your spouse was receiving a disability support pension.

2. Multiply the number of days you worked out in 1. by the daily rate (\$4.31 or \$5.16). Write the amount you calculated at (a), then go to step 4.

(a) \$ (a) \$

STEP 3 If you are eligible for a housekeeper tax offset for only part of the year:

1. Work out the number of days during that part year that:

- neither you nor your spouse (during any period they were your spouse) were entitled to FTB Part B, or
- either you or your spouse (during any period they were your spouse) were entitled to FTB Part B, but your spouse was receiving a disability support pension.

2. Multiply the number of days you worked out in 1. by the daily rate (\$4.31 or \$5.16) and write the amount you calculated at (b).

(b) \$ (b) \$

STEP 4 If, for any period during the year, you did NOT have a spouse receiving a disability support pension and you are eligible for a housekeeper tax offset:

1. Work out the number of days during that period that you or your spouse (during any period they were your spouse), were entitled to FTB Part B based on a shared care rate.

2. Multiply the number of days by the daily rate (\$4.31 or \$5.16).

3. Multiply the amount you worked out in 2. by 100% minus the shared care percentage (see **Example 2** on page 82) and write the amount you calculated at (c).

(c) \$ (c) \$

Note: If the shared care percentage changes during the year you will need to do this step for each period during the year that the percentage was different.

STEP 5 Add up any amounts at (a), (b) and (c) and write the total at (d). If you are also claiming a spouse or child-housekeeper tax offset, add the amount at (d) to the other amount on your notepaper. Write the amount at (d) or the total from your notepaper at **P** item **T1** on page 4 of your tax return. Print the letter **C** in the **CLAIM TYPE** box at the right of **P** item **T1** if you are also claiming a spouse tax offset. If not, print the letter **H**.

(d) \$ (d) \$

CHECK THAT YOU HAVE . . .

- worked out your child-housekeeper's separate net income (SNI), if required, and written the amount on your tax return
- written on your tax return your total tax offset
- printed on your tax return the correct code letter in the **CLAIM TYPE** box , if required

- completed **Spouse details – married or de facto** including SNI, on pages 6–7 of your tax return and **Your spouse's name** on page 1 of your tax return
- attached to page 3 of your tax return your signed **SCHEDULE OF ADDITIONAL INFORMATION – QUESTION T1 PART C**, if you need to send us one.

ELIGIBILITY FOR THE SENIOR AUSTRALIANS TAX OFFSET

You must meet the following four conditions to be eligible for the senior Australians tax offset. These conditions relate to such factors as age, income, and eligibility for Australian Government pensions and similar payments.

➤ ELIGIBILITY CALCULATOR

The senior Australians and pensioner tax offset calculator on our website can help you work out whether you are eligible. If you are, it can also work out the amount you are entitled to claim.

CONDITION 1 – Age

You meet this condition if, on 30 June 2005 you were:

- a male aged 65 years or more or a male veteran or war widower aged 60 years or more
- a female aged 62.5 years or more or a female veteran or war widow aged 57.5 years or more.

! NOTE

You met the **veteran** pension age if one of the following applied to you and you were eligible for a pension, allowance or benefit under the *Veterans' Entitlements Act 1986*:

- you have eligible war service, that is, service in World War I or World War II or operational service as a member of Australia's Defence Forces
- you are a Commonwealth or allied veteran who served in a conflict in which Australia's forces were engaged during a period of hostilities, that is, World War I or World War II, or in Korea, Malaya, Indonesia or Vietnam
- you are an Australian or allied mariner who served during World War II
- you are the war widow or widower of a former member of the Australian Defence Forces.

'Pension, allowance or benefit' includes:

- disability pension
- service pension, and
- white or gold Repatriation health cards for treatment entitlements.

If you are unsure if you were eligible under the *Veterans' Entitlements Act 1986* or if you qualify for the veteran pension age, visit the DVA website at www.dva.gov.au or phone Veterans' Affairs on **13 32 54**.

CONDITION 2 – Eligibility for Australian Government pensions and similar payments

There are three ways of meeting this condition.

1. You meet this condition if:

- you received an Australian Government age pension or a pension or allowance from Veterans' Affairs at any time during the 2004–05 income year.

2. You also meet this condition if:

- you were eligible for an Australian Government age pension but did not receive one because you did not make a claim or because of the application of the income test or the assets test
AND
- you satisfy one of the following:
 - you have been an Australian resident for age pension purposes for either 10 continuous years or for more than 10 years, of which five years were continuous
 - you have a qualifying residence exemption (because you arrived in Australia as a refugee or under a special humanitarian program)
 - you are a woman who was widowed in Australia (at a time when both you and your late partner were Australian residents), you have made a claim for the age pension and you had two years' residence immediately prior to your claim
 - you received a widow B pension, widow allowance, mature age allowance or partner allowance immediately before turning age pension age, or
 - you would qualify under an international social security agreement.

(If you need assistance in determining your eligibility for a social security or Centrelink pension only, phone Centrelink on **13 23 00**; for all other enquiries relating to the senior Australians tax offset phone our Personal Tax Infoline (see the inside back cover).

3. You also meet this condition if:

- you are a veteran with eligible war service, or
- you are a Commonwealth veteran, allied veteran or allied mariner with qualifying service
AND
- you were eligible for a payment from Veterans' Affairs but did not receive it because you did not make a claim or because of the application of the income test or the assets test.

If you are not sure if you are eligible for a payment you can get further information from the DVA website or by phoning Veterans' Affairs.

CONDITION 3 – Taxable income threshold

You meet this condition by satisfying the income threshold that applies to you, from the following:

- You did not have a spouse – married or de facto – and your taxable income was less than \$38,340.
- You did have a spouse – married or de facto – and you and your spouse's combined taxable income* was less than \$59,244.
- You did have a spouse – married or de facto – and for some or all of 2004–05 you 'had to live apart due to illness' or because one of you was in a nursing home, and you and your spouse's combined taxable income* was less than \$71,406.

* Combined taxable income includes your spouse's share for 2004–05 of any net income of a trust estate to which they are presently entitled and on which the trustee is assessed under section 98 of the *Income Tax Assessment Act 1936*.

The threshold amounts shown here relate to determining your eligibility for the senior Australians tax offset. They are not tax-free thresholds.

! DEFINITION

Had to live apart due to illness is a term used to describe a situation where the living expenses of you and your spouse, married or de facto, are increased because you were unable to live together in your home due to the indefinitely continuing illness or infirmity of either or both of you.

CONDITION 4 – Not in gaol

You meet this condition unless you were in gaol for the whole income year.

Are you eligible?

If you meet conditions 1, 2, 3 and 4 described above, you are **eligible** for the senior Australians tax offset.

Being eligible means that you are **entitled** to the senior Australians tax offset but it does not mean you will automatically get an amount of senior Australian tax offset. We use your taxable income to work out the amount of your senior Australians tax offset. The combined income amounts in condition 3 are used for eligibility purposes and not for working out the amount of your entitlement.

If you came to this section from **Reason 2** in **Do you have to lodge a tax return?** on page 2, go back to that section. Otherwise, you must complete question **T2** on the next page.

QUESTION T2

SENIOR AUSTRALIANS

T2

T2

TAX OFFSETS

! CAUTION

If this question applies to you, you must complete it before going to the next question.

Were you eligible for the senior Australians tax offset?

If you are unsure, pages 87–8 provide information on eligibility for this tax offset. If you have a spouse, you will also need to work out if your spouse was eligible.

NO Go to question T3.

YES Read below.

▶ COMPLETING THIS QUESTION

STEP 1 Find the tax offset code letter that applies to your circumstances in the table below. This code letter tells us the amount of tax offset your entitlement will be based on.

TAX OFFSET CODE LETTERS

If at any time during 2004–05, you were single, separated or widowed	A
If you and your spouse, married or de facto, 'had to live apart due to illness' or because one of you was in a nursing home at any time in 2004–05 and you were both eligible for the senior Australians tax offset	B
If you and your spouse, married or de facto, 'had to live apart due to illness' or because one of you was in a nursing home at any time in 2004–05, but your spouse was not eligible for the senior Australians tax offset	C
If you and your spouse, married or de facto, were living together and you were both eligible for the senior Australians tax offset	D
If you and your spouse, married or de facto, were living together but your spouse was not eligible for the senior Australians tax offset	E

! DEFINITION

Had to live apart due to illness is a term used to describe a situation where the living expenses of you and your spouse, married or de facto, were increased because you were unable to live together in your home due to the indefinitely continuing illness or infirmity of either or both of you.

If more than one code letter applies to you, read on. Otherwise, go to step 2.

Select the letter that appears first in the following order: **A, B, C, D, E**. For example, if both **B** and **D** apply to you, select **B**.

Exceptions to this rule:

- If both **A** and **B** apply to you and your spouse's taxable income was less than \$16,883, select **B** as this gives you the correct tax offset. (Include in your spouse's taxable income any net income of a trust estate to which your spouse is presently entitled and on which the trustee is assessed under section 98 of the *Income Tax Assessment Act 1936*.)
- If both **A** and **C** apply to you, and your spouse received an Australian Government pension or allowance listed at question 6, and their taxable income was less than \$16,465 select **C** as this gives you the correct tax offset.
- If both **A** and **D** apply to you and your spouse's taxable income was less than \$11,730, select **D** as this gives you the correct tax offset. (Include in your spouse's taxable income any net income of a trust estate to which your spouse is presently entitled and on which the trustee is assessed under section 98 of the Act.)
- If both **A** and **E** apply to you, and your spouse received an Australian Government pension or allowance as listed at question 6, and their taxable income was less than \$11,630 select **E** as this gives you the correct tax offset.

STEP 2 Print your code letter (from the table in the previous column) in the **TAX OFFSET CODE** box at the right of **N** item T2 on page 4 of your tax return.

! NOTE

If you do not print a code letter on your tax return or you print an incorrect code letter, you may not receive your correct entitlement.

STEP 3 If, in 2004–05, you or your spouse was a veteran, war widow or war widower (see **Note** on the previous page), read on. Otherwise go to step 4.

From the following list select the **veteran code** that applies to your circumstances:

You were a veteran, war widow or war widower	V
Your spouse was a veteran, war widow or war widower	W
Both V and W apply to you	X

Print your veteran code in the **VETERAN CODE** box at the right of **Y** item T2 on page 4 of your tax return.

STEP 4 Have you used tax offset code (not veteran code) **B, C, D** or **E**? If so, you must complete **Spouse details – married or de facto** on pages 6–7 of your tax return. Provide relevant details including:

- Your spouse's date of birth at **K**.
- Your spouse's taxable income at **O**. If this amount is zero, write **0**.

- Your spouse's share of trust income on which the trustee is assessed under section 98 of the Act, if it is not already included in your spouse's taxable income, at **T**. If this amount is zero, write **0**.
- Your spouse's Australian Government pension income, at **P**. If this amount is zero, write **0**.
- Your spouse's exempt pension income, at **Q**. If this amount is zero, write **0**.

Remember to complete **Your spouse's name** on page 1 of your tax return.

If you were eligible for the senior Australians tax offset and your spouse was eligible for the senior Australians or pensioner tax offset, and one of you does not fully use your tax offset, the unused portion may be available for transfer to the other person. By using the amounts you write on the **spouse details** section of your tax return we will work out if you are entitled to have the unused portion of your spouse's tax offset transferred to you. If an unused amount is available, we will make sure it is taken into account in working out your tax offset.

! NOTE

In working out if there is any unused spouse's senior Australians or pensioner tax offset available for transfer, we do not take your spouse's other credits and tax offsets into account.

EXAMPLE

Sonya is married to Russell and they lived together for the whole 2004–05 income year. Russell – who is a veteran – received a service pension. Sonya and Russell were both over pension age and their combined taxable income was less than \$59,244. They were both eligible for the senior Australians tax offset. Sonya's taxable income was \$17,500 and Russell's was \$8,300.

Sonya writes tax offset code letter **D** at **N** item **T2** on her tax return.

Sonya also writes veteran code letter **W** at **Y** item **T2** on her tax return.

Sonya completes **Spouse details – married or de facto** on pages 6–7 of her tax return, so any tax offset that Russell does not use will be automatically transferred to Sonya, to be taken into account when her tax offset is calculated. She also completes **Your spouse's name** on page 1 of her tax return.

CHECK THAT YOU HAVE . . .

- written your tax offset code letter at **N** item **T2**
- if required, written your veteran code at **Y** item **T2**
- written the relevant amounts at **O**, **T**, **P** and **Q**
Spouse details – married or de facto on page 7 of your tax return
- written your date of birth and your spouse's name on page 1 of your tax return.

! DID YOU COMPLETE THIS QUESTION?

If you were eligible for the senior Australians tax offset (that is, if you printed a tax offset code letter and a veteran code letter – if applicable – at item **T2** on page 4 of your tax return) you cannot get the pensioner tax offset at question **T3**. Go to question **T4**. **Do not** complete question **T3 Pensioner** tax offset.

DO YOU WANT TO WORK OUT YOUR TAX OFFSET?

You do not have to work out your tax offset. We will work it out for you from your taxable income details and your tax offset code letter and your veteran code letter (if applicable). Make sure you print your code letter(s) at item **T2** on page 4 of your tax return.

If you do want to work out your tax offset, you can use the senior Australians and pensioner tax offset calculator on our website, or go to page 124.

QUESTION T3

T3

PENSIONER

T3

TAX OFFSETS

Did you show any income at question 6?

(See page 28.)

NO Go to question T4.

YES Read below.

Have you already claimed an offset at question T2?

NO Read below.

YES Go to question T4.

▶ COMPLETING THIS QUESTION

STEP 1 Find the tax offset code letter that applies to your circumstances in the **Tax offset code letters** table below. This code letter tells us the amount of tax offset we will base your entitlement on.

TAX OFFSET CODE LETTERS		
If at any time during 2004–05 while you were receiving an Australian Government pension or allowance listed at question 6:	From Centrelink	From Veterans' Affairs
You were single, widowed or separated	S	L
You and your spouse (married or de facto) lived together	P	M
You and your spouse (married or de facto) had to live apart due to illness or because one of you was in a nursing home	I	A
If more than one code letter applies		
If both P and I apply to you, select	I	
If S , P and I all apply to you, select	J*	
If both S and I apply to you, select	J*	
If both S and P apply to you, select	Q*	
If both M and A apply to you, select		A
If L , M and A all apply to you, select		K*
If both L and A apply to you, select		K*
If both L and M apply to you, select		R*
* Tax offset codes J , Q , K and R are used to calculate correct entitlements in certain situations if more than one tax offset code applies.		

! DEFINITION

Had to live apart due to illness is a term that relates to the payment of pensions. This would apply to you if you were paid the pension at a higher rate because you and your spouse were separated due to illness. If you are unsure, check with Centrelink or the Department of Veterans' Affairs.

STEP 2 Print your tax offset code letter in the **TAX OFFSET CODE** box at the right of **O** item T3 on page 4 of your tax return.

! NOTE

If you do not print a code letter on your tax return or you print an incorrect code letter, you may not receive your correct entitlement.

STEP 3 If you or your spouse was a veteran, war widow or war widower (see **Note** on page 87) read on. Otherwise, go to step 4.

From the following list select the veteran code that applies to your circumstances:

You were a veteran, war widow or war widower	V
Your spouse was a veteran, war widow or war widower	W
If both V and W apply to you	X

Print your veteran code in the **VETERAN CODE** box at the right of **T** item T3 on page 4 of your tax return.

STEP 4 If your tax offset code (not veteran code) is **S** or **L** go to **Check that you have . . .** on page 92.

If your tax offset code is **P**, **Q**, **I**, **J**, **M**, **R**, **A** or **K** you must complete **Spouse details – married or de facto** on pages 6–7 of your tax return.

Provide relevant details including:

- Your spouse's date of birth at **K**.
- Your spouse's taxable income at **O**. If this amount is zero, write **0**.
- Your spouse's share of trust income on which the trustee is assessed under section 98 of the *Income Tax Assessment Act 1936*, if it is not already included in your spouse's taxable income, at **T**. If this amount is zero, write **0**.
- Your spouse's Australian Government pension income, at **P**. If this amount is zero, write **0**.
- Your spouse's exempt pension income, at **Q**. If this amount is zero, write **0**.

If both you and your spouse were eligible for the senior Australians tax offset or pensioner tax offset and one of you does not fully use your tax offset, the unused portion may be available for transfer to the other person. By using the amounts you write on the spouse details section of your tax return we will work out if you are entitled to have the unused portion of your spouse's tax offset transferred to you. If an unused amount is available, we will make sure it is taken into account in working out your tax offset.

NOTE

In working out if there is any unused spouse's senior Australians or pensioner tax offset available for transfer, we do not take your spouse's other credits and tax offsets into account.

CHECK THAT YOU HAVE . . .

- written your tax offset code letter at **O** item **T3**
- if required, written your veteran code letter at **T** item **T3**
- written the relevant amounts at **O**, **T**, **P** and **Q**
Spouse details – married or de facto on page 7 of your tax return
- written your date of birth and your spouse's name on page 1 of your tax return.

DO YOU WANT TO WORK OUT YOUR TAX OFFSET?

You do not have to work out your tax offset. We will work it out for you from your taxable income details and your tax offset code letter and your veteran code letter (if applicable). Make sure you print your code letter(s) at item **T3** on page 4 of your tax return.

If you do want to work out your tax offset, you can use the senior Australians and pensioner tax offset calculator on our website, or go to page 124.

QUESTION T4

SUPERANNUATION ANNUITY AND PENSION

T4

T4**TAX OFFSETS**

Did you receive income from an Australian superannuation annuity or pension (this income is shown at item 7 on your tax return)?

NO Go to T5.

YES Read below.

If you showed income from an Australian annuity or pension at item 7 on your tax return, you may be entitled to a tax offset equal to 15% of all or part of your taxable pension or annuity income.

To work out the tax offset, you will need to know the following about your pension or annuity:

- Whether it qualifies for a tax offset and, if so, how much of it is eligible for the tax offset. Contact your annuity or pension fund if you do not know either of these points.
- What the 'rebataable proportion' is. This is the part of your pension or annuity that may be eligible for the tax offset. It may be one, less than one, or zero, depending on the type and amount of your pension or annuity. The Tax Office determines the rebataable proportion by measuring your pension or annuity against your reasonable benefit limit (RBL). Your rebataable proportion will be one unless:
 - you are issued with an RBL determination stating otherwise, or
 - you are receiving a pension that was previously payable to someone who has died and an RBL determination was issued for the pension when it originally commenced showing a rebataable proportion of less than one.

If you need assistance, phone the Superannuation Infoline (see the inside back cover).

- Any deductible amount from item D9.

How to work out your pension or annuity tax offset

(a) Work through steps 1 to 3 if:

- you were 55 years of age before 1 July 2004
- you turned 55 on or after 1 July 2004 and your pension started on or after your 55th birthday, or
- you are receiving a death or disability pension, regardless of your age.

(b) Work through steps 4 to 11 if:

- you turned 55 years of age on or after 1 July 2004 and your pension started before your 55th birthday.

STEP 1 Take away any deductible amount at item D9 from the part of your annuity or pension that is eligible for a tax offset.

STEP 2 Multiply the answer from step 1 by the rebataable proportion of your annuity or pension.

STEP 3 Work out 15% of the answer you got at step 2. This is your tax offset. Go to **Completing this question**.

STEP 4 Work out the amount of your annuity or pension that was paid to you on or after your 55th birthday.

STEP 5 Work out the number of days from your 55th birthday to 30 June 2005.

STEP 6 Work out the number of days from the day your annuity or pension started to 30 June 2005. If it started before 1 July 2004, use 365 days.

STEP 7 Divide the number of days at step 5 by the number of days at step 6.

STEP 8 Multiply any deductible amount (at item D9) by the answer you got at step 7.

STEP 9 Take away the answer you got at step 8 from the answer at step 4.

STEP 10 Multiply the answer you got at step 9 by the rebataable proportion of your annuity or pension. Your rebataable proportion will be one unless you are issued with a reasonable benefit limit determination stating otherwise.

STEP 11 Work out 15% of the answer you got at step 10. This is your annuity or pension tax offset.

▶ COMPLETING THIS QUESTION

Write the total amount you are entitled to claim as a tax offset from this question at **S** item T4 on page 4 of your tax return. Do not show cents.

QUESTION T5

PRIVATE HEALTH INSURANCE

T5

T5

TAX OFFSETS

Did you, or your employer on your behalf, pay the premium for an appropriate private health insurance policy?

NO Go to question T6.

YES Read below.

Did you receive your full entitlement to a private health insurance rebate from your health fund or Medicare?

NO Read below.

YES Go to question T6.

! DEFINITION

An **appropriate private health insurance policy** is one provided by a registered health fund for hospital, ancillary – also known as ‘extras’ – or combined hospital and ancillary cover where every person covered by the policy is a person who is eligible to claim benefits under the Medicare system. To find out if your health fund is a registered health fund, visit the Private Health Insurance Administration Council website at www.phiac.gov.au

YOU NEED TO KNOW

The private health insurance rebate is worked out as a percentage of the premium paid to a registered health fund for appropriate private health insurance cover. The rebate is not affected by your level of income.

Your fund should have sent you your private health insurance statement showing the details of your rebate level.

! NOTE

If you have statements from all of the health funds you paid a premium to and the amount/s at ‘G’ on your statement(s) are 0 you have already received your full entitlement and you do not need to read any further in this question. Go to question T6.

New in 2005

Starting with the 2004-05 tax year there has been an important change to this rebate which may increase the amount you can claim. For periods of health cover provided on or after 1 April 2005 the percentage of rebate you may be entitled to claim is determined by the age of the oldest person covered by the policy (see the table on this page). For periods of cover provided between 1 July 2004 and 31 March 2005 the 30% rebate will continue to apply.

	Age of the oldest person covered by the policy*	Amount of rebate
For periods of cover between 1 July 2004 and 31 March 2005	Any age	30% of the amount of premium paid
For periods of cover from 1 April 2005	Less than 65 years	30% of the amount of premium paid
	65 to under-70 years	35% of the amount of premium paid
	70 years or over	40% of the amount of premium paid

* If the oldest person moves into the next age group during the year, the rebate is based on the number of days that person was in each group. Your health fund will calculate this automatically.

Once your policy becomes eligible for the higher rebate, it will retain this eligibility even if the person who established the eligibility comes off the policy. Additionally, the eligibility continues even if you change funds or policies after this. However, this ongoing eligibility for the higher rate will be affected if a new person is added to the policy after the person who established the eligibility leaves the policy. In this circumstance you should contact your health fund for more information on how your rebate level will be determined.

The rebate figure supplied by your health fund already takes account of the new aged-based rebate rules that started on 1 April 2005. If you have any queries about how your fund calculated this amount please contact them directly.

Claiming the rebate

The rebate can be claimed as:

- a reduction in your private health insurance premium through the health fund
- a cash or cheque rebate from Medicare
- a refundable tax offset at the end of the income year through your tax return, or
- a combination of all options – each for a different period during the year.

You can only claim the rebate under one method for each period. That is, if you have already received the rebate by way of a reduction in your premium through the health fund or as a rebate from Medicare you cannot also claim a tax offset for the premiums paid for the same period.

! NOTE

If two people make payments for the same policy – for example, you make payments from a joint bank account – each person can claim the relevant percentage for the proportion of the premium they paid.

How the rebate works

The rebate is based on the premium you paid, or your employer has paid for you, for appropriate health insurance cover. You work out your entitlement at 30% of the amount paid for cover for periods between 1 July 2004 and 31 March 2005. For the periods starting on or after 1 April 2005 you use 30%, 35% or 40% of the premium paid, depending on the age of the oldest person covered by the policy and the number of days this person was in this age category.

If you had this policy in operation before 1 January 1999 you may be entitled to a higher amount under the Private Health Insurance Incentive Scheme (old incentive scheme). If you have an eligible policy under the old incentive scheme the statement you receive from your health fund will show the amount you may be able to claim.

If your health fund statement shows an amount in a box for 'Maximum private health insurance incentive amount (after premium reductions and subject to income tests) – **G**' – this is the amount under the old incentive scheme.

If you have this box and the amount shown is greater than the amount in the box for 'Maximum claimable rebate on private health insurance (after premium reductions) – **G**', then you may be eligible to claim the higher amount if you meet certain eligibility and income tests.

If you want to know more about calculating the private health insurance incentive amount or how to complete this item if you are claiming the higher amount under the old incentive scheme, you will need to view the instructions for completing this item which are available on our website or phone the Personal Tax Infoline (see the inside back cover).

Did you receive a private health insurance statement from your health fund?

Your health fund should have sent you a statement showing the premium you have paid. If you paid a premium for more than one policy, you should have received a statement for each policy.

If you did not receive a statement for one or more of your policies you should contact your health fund and request one.

WHAT YOU NEED

- a private health insurance statement
- the amount of any cash or cheque rebate received from Medicare for your private health insurance.

▶ COMPLETING THIS QUESTION

If you have more than one policy you will need to work through the steps on this page for each policy.

STEP 1 You can claim the amount shown on your statement at 'Maximum private health insurance Incentive amount (after premium reductions and subject to income tests) – **G**' less any cash or cheque rebate you have received from Medicare for your private health insurance premium. Use **Worksheet 1** if you received a cash or cheque rebate. Otherwise go to step 2.

WORKSHEET 1

Amount shown at ' G ' on your statement	(a)	\$
Amount of any cash or cheque rebate you have received from Medicare for your private health insurance premium	(b)	\$
Take (b) away from (a).	(c)	\$

If you have only one policy and:

- (c) is **0** or a negative amount, you have already received your full entitlement. Go to question **T6**.
- you have an amount at (c), this is the tax offset you are eligible to claim on your tax return. Do not include cents. Go to step 2.

If you have more than one policy, add up the (c) amounts (ignoring any negative amounts). The total is the tax offset that you are eligible to claim. Do not include cents. Go to step 2.

STEP 2 At **G** item **T5** on page 4 of your tax return, write the amount of tax offset you are eligible to claim. Do not show cents.

STEP 3 Complete the **Private health insurance policy details** on page 4 of your tax return. See pages 99 for how to complete these details. Go to question **T6**.

! NOTE

To work out your tax offset without using your statement you need to multiply each payment you or your employer made for appropriate private health insurance during the year by the relevant rebate percentage at the time the payment was made. If your rebate level changed during the period the premium covers, the premium needs to be apportioned for each period before applying the appropriate rebate percentage. Add these amounts together and subtract any payments you received from Medicare for private health insurance and premium reductions received from the health fund.

If the statement from your health fund is based on projected figures and the amounts you paid differ from those projected (for example, you did not make an expected payment after the fund statement was finalised) use the instructions in the paragraph above to work out your tax offset.

QUESTION T6

T6

BABY BONUS

T6

TAX OFFSETS

Did you have a baby – or gain legal responsibility for a child aged under five – after 30 June 2001 and before 1 July 2004?

NOTE

You can be **legally responsible** for a child if:

- you are their birth parent, or
- you have a court order giving you legal responsibility.

NO Go to **Tax offsets from the supplementary section** on page 98.

YES Read below.

YOU NEED TO KNOW

The mother is usually the person who will claim the baby bonus.

You can claim the baby bonus each year until the child turns five. The baby bonus is paid whether or not you get any other family benefits and can be claimed even if you do not pay tax.

If you are transferring your eligibility for the baby bonus to your spouse for the income year this question does not apply to you. You should only transfer if your spouse was your spouse for the whole claim period and they would get a higher baby bonus amount than you. For more information visit our website or phone the Personal Tax Infoline (see the inside back cover).

Go to **Part A** on this page if:

- this is the first year you will claim the baby bonus
- you were a transferee last year **or**
- you are a transferee this year.

DEFINITION

A **transferee** is someone who provided their spouse's details on last year's baby bonus claim or will provide their spouse's details on this year's baby bonus claim.

Go to **Part B** on this page if:

- you claimed the baby bonus last year and you are claiming for the same child this year
- the baby bonus was not transferred last year **and**
- you are required to lodge a tax return this year.

If you do not meet ALL three of these points go to **Part A**.

PART A

You cannot claim the baby bonus **at this question**. How you claim the baby bonus this year depends on whether you are required to lodge a tax return this year.

If you are required to lodge a tax return for 2004–05, you need to get the *Baby bonus instructions and claim 2005* (NAT 6580–6.2005), complete the claim and lodge it with your tax return. To find out how to get this publication, see the inside back cover.

If you are not required to lodge a tax return for 2004–05, you can lodge your baby bonus claim on its own by one of the following methods:

- Use e-tax, available on our website, to complete and lodge your claim over the internet.
- Get the *Baby bonus instructions and claim 2005* and complete it.

Now go to **Tax offsets from the supplementary section**.

PART B

Work through the following steps to determine the number of days that you were eligible to claim the baby bonus for this claim year.

STEP 1

Write in box **A** the number of days in 2004–05 that **all** of the following applied to you at the same time:

- you had legal responsibility for and care of the child, and
 - the child was under the age of five, and
 - you were an Australian resident
- (see page 14). Go to step 2. **A**

If these all applied to you for the whole year write **365**.

Adoptive parent

You may be entitled to claim from the date your adopted child came into your care rather than from the date you became legally responsible for the child. For more information visit our website or phone the Personal Tax Infoline.

EXAMPLE

Danielle is an Australian resident for tax purposes. She had legal responsibility for and care of Mitchell for the full year. Mitchell's fifth birthday was on 20 September 2004. Danielle would write 81 in box **A**, the number of days from 1 July to 19 September.

Bereavement

If your child died before their fifth birthday, write **365** in box **A** in step 1 and go to step 6.

Child's fifth birthday on 1 July 2004

If your child turned five on 1 July 2004 and the income year you gained legal responsibility for the child is also your base year and you did not transfer your eligibility in your base year – write in box **A** in step 1 the number of days from the date you became legally responsible to 30 June of your base year. Go to step 6.

STEP 2

Did the legal responsibility for your child change, for example, through a court order, during 2004–05?

A change in legal responsibility for your child may affect the number of days you are eligible to claim and the steps you have to complete.

NO Go to step 6.

YES Go to step 3.

STEP 3

Was there another person (including your spouse) who had legal responsibility for and care of your child during any of the days you have written in box A?

NO Do not complete steps 4 and 5. Go to step 6.

YES Write in box **B** the total number of days that this applied. **B**
Go to step 4.

STEP 4

Has this person been eligible for the baby bonus for another child without being a transferee?

NO Go to step 5.

YES You cannot claim for a full year. Take **B** away from **A**. Write the answer in box **C**. This is your number of eligible days. **C**
Go to step 6.

STEP 5

In the following list, are you listed after the person referred to in step 4?

- birth mother
- adoptive mother
- any other woman
- natural father
- adoptive father
- any other man

NO Go to step 6.

YES You cannot claim for a full year. Take **B** away from **A**. Write the answer in box **D**. This is your number of eligible days. **D**
Go to step 6.

STEP 6

The number of days you are eligible to claim the baby bonus will be the lowest of the number of days you have written in boxes **A**, **C** or **D**. If you have nothing in boxes **C** or **D** your number of eligible days is in box **A**. Write the number of eligible days at **H** item **T6** on page 4 of your tax return.

If your child died during the year but before their fifth birthday, print **B** in the **CODE** box at the right of **H** item **T6**. This will allow you to claim the baby bonus for another child in a later year.

Go to **Tax offsets from the supplementary section**.

TAX OFFSETS FROM THE SUPPLEMENTARY SECTION

T

! CAUTION

Read this question carefully – consult *TaxPack 2005 supplement* if you are not familiar with the terms used.

Are you entitled to claim a tax offset for any of the following?

- superannuation contributions on behalf of your spouse
- living in a remote or isolated area of Australia
- serving overseas as a member of the Defence Force or a United Nations armed force
- net medical expenses over the threshold amount
- maintenance of your parent, spouse's parent or invalid relative
- landcare and water facility tax offset brought forward from an earlier year
- heritage conservation work
- interest from government securities
- interest from the land transport facilities tax offset scheme or infrastructure borrowings scheme

- performing work or services in the Joint Petroleum Development Area (JPDA).

NO Go to **Total tax offsets** below.

YES You must complete the *Tax return for individuals (supplementary section) 2005*. Read on.

▶ COMPLETING THIS QUESTION

STEP 1 Complete the details at the top of page 9 of your tax return (supplementary section) if you haven't already. Use *TaxPack 2005 supplement* to complete the tax offsets section.

STEP 2 Transfer the amount you wrote at **TOTAL SUPPLEMENT TAX OFFSETS** on page 12 to **T** on page 4 of your tax return.

! NOTE

The *Tax return for individuals (supplementary section) 2005* is located at the back of *TaxPack 2005 supplement*. If you don't have a copy of this supplement, you can get one from most newsagents during the lodgment period (1 July to 31 October 2005). Copies are also available all year from our Publications Distribution Service (see the inside back cover) and shopfronts.

TOTAL TAX OFFSETS

STEP 1 Add up all the tax offset amounts at items **T1**, **T4**, **T5** and **T** in the right-hand column on your tax return.

STEP 2 Write the total amount at **U TOTAL TAX OFFSETS** on page 4 of your tax return. Do not show cents. If you do not have any tax offsets, write **0**. Read on.

Tax offset for low income taxpayers

If you are an Australian resident for tax purposes and your taxable income is less than \$27,475, you may get a tax offset.

Mature age worker tax offset

If you are an Australian resident aged 55 years or older on 30 June 2005 and you have received certain income from working, you may be eligible for the mature age worker tax offset.

We will work out these tax offsets and make sure they come off your tax. These tax offsets will be shown on your notice of assessment. Do not write anything about these tax offsets on your tax return, unless you need to complete **T12** in the supplementary section for the mature age worker tax offset.

ADJUSTMENTS FROM THE SUPPLEMENTARY SECTION

Did you receive a distribution for 2004–05 on which family trust distribution tax has been paid?

NO Read the next column.

YES Read question **A3** on page s60 in *TaxPack 2005 supplement*.

Did you receive a distribution of income from a trust on which the trustee was liable for ultimate beneficiary non-disclosure tax?

NO Read below.

YES Read question **A4** on page s61 in *TaxPack 2005 supplement*.

Did you make a payment to the Tax Office more than 14 days before the due date for payment?

NO Go to **Private health insurance policy details** on the next page.

YES Read question **C1** on page s62 in *TaxPack 2005 supplement*.

YOU NEED TO KNOW

The information on this page will help you complete **Private health insurance policy details** on page 4 of your tax return. You will need to complete this item if you claimed a tax offset at item **T5**. Question **M2 Medicare levy surcharge** on pages 105–8 may also direct you to complete this item.

If you received a statement from your registered health fund, your private health insurance policy details will be shown on the statement. If you did not receive a statement from your health fund, contact your fund. If you do not have a statement because your employer paid the premium for you, contact your fund or speak to your employer.

➤ To find out if your health fund is a registered health fund, visit the Private Health Insurance Administration Council website at www.phiac.gov.au

➤ COMPLETING THIS QUESTION

STEP 1 Print the identification (ID) code of your health fund at **B Health fund ID** on page 4 of your tax return.

STEP 2 Print your private health insurance membership number at **C Membership number**.

STEP 3 In the **Type of cover** box print the code letter from the table below that best describes the type of private health insurance cover you had.

Type of cover	Code letter
Ancillary cover, also known as 'extras'	A
Hospital cover	H
Combined hospital and ancillary cover	C

! NOTE

If you have used code letter **H** or **C** your liability for the Medicare levy surcharge may be reduced. Make sure you carefully read question **M2 Medicare levy surcharge** on pages 105–8.

If you changed your type of cover during the year, print the code letter for the type of cover that gave you the highest level of cover. For example, if you had hospital cover and added ancillary cover during the year, use code letter **C** (for combined hospital and ancillary cover).

Did you have more than one policy during the year?

The tax return only has space for information on three policies.

If you had more than three policies, complete steps 1 to 3 for the first three policies. On a separate piece of paper print SCHEDULE OF ADDITIONAL INFORMATION – PRIVATE HEALTH INSURANCE POLICY DETAILS. Tell us your name, address and tax file number, and list the ID code, membership number and type of cover for each of the other policies you held. Print **X** in the **YES** box at *Taxpayer's declaration* question **2a** on page 8 of your tax return. Sign your schedule and attach it to page 3 of your tax return.

MEDICARE LEVY

Medicare is the scheme that gives Australian residents access to health care.

To help fund the scheme, resident taxpayers are subject to a Medicare levy. Normally, we calculate your Medicare levy at the rate of 1.5% of your taxable income. A variation to this calculation may occur in certain circumstances.

Generally, tax offsets do not reduce your Medicare levy. However, if you have excess refundable tax offsets, we use them to reduce your tax, including your Medicare levy. (For more information on refundable tax offsets – for example, the private health insurance rebate – see page 79.)

In some cases you may be exempt from the levy or it may be reduced. This is the subject of question **M1**. You only need to complete this question if you belong to an exemption category or you are able to claim a reduction based on family income. Read pages 101–4 to work out if you are eligible for the exemption or the reduction based on family income.

Individuals and families on higher incomes who do not have private patient hospital cover may have to pay the Medicare levy surcharge. This is the subject of question **M2**.

This surcharge is in addition to the Medicare levy. We calculate it at the rate of 1% of your taxable income (including your total reportable fringe benefits). You will need to read pages 105–8 to see if you have to pay the surcharge.

ITEM M2 IS COMPULSORY FOR ALL TAXPAYERS.

If you do not complete item **M2** on your tax return you may be charged the full Medicare levy surcharge.

QUESTION M1

M1

MEDICARE LEVY REDUCTION OR EXEMPTION

Were you a low income earner or in one of the Medicare levy reduction or exemption categories?

The Medicare levy reductions are based on family income (see **Part B** on this page) and the exemption categories are listed on page 103.

NO Go to question **M2**.

YES Read below.

YOU NEED TO KNOW

Most Australians are liable to pay the Medicare levy.

The standard levy is 1.5% of your taxable income. However, this may vary according to your circumstances. Your taxable income is usually the amount you wrote at **TAXABLE INCOME OR LOSS** on page 3 of your tax return.

Post-June 1983 elements

For Medicare levy purposes, taxable income excludes any post-June 1983 elements of an eligible termination payment where the maximum tax rate is zero (see question **4** on pages 23–6). If you are unsure of the tax rate, phone the Superannuation Infoline (see the inside back cover).

NOTE

The amounts in the tables in this question reflect proposed changes to Medicare levy thresholds for 2004–05. At the time of printing *TaxPack* these changes had not become law.

The Tax Office will work out your Medicare levy, including any Medicare levy reduction, from the information you provide on your tax return.

WHAT YOU MAY NEED

- Your 2004–05 taxable income.
- The 2004–05 taxable income of your spouse, married or de facto, if you had a spouse on 30 June 2005. If your spouse died during 2004–05 and you did not have another spouse before the end of the year, we consider you to have had a spouse on 30 June 2005 for the purposes of calculating any Medicare levy reductions based on family income.
- The number of dependent children and students you had during 2004–05.
- The number of days you, your spouse and dependent children and students were in an exemption category – see page 103.

PART A

Low income earner

You do not need to complete this question if your taxable income was:

- Equal to or less than the relevant threshold amount (see table below).
You do not have to pay the Medicare levy. Do not write anything at item **M1** on your tax return. Go to question **M2**.
- More than the relevant threshold amount but equal to or less than the phase-in limit and you were not in:
 - a Medicare levy reduction category based on family income (see **Part B** on this page), or
 - one of the exemption categories given on page 103.**Your levy is reduced.** It is calculated at 20 cents for every dollar above the relevant threshold amount but equal to or less than the phase-in limit. Do not write anything at item **M1**. We will work out how much Medicare levy you have to pay. Go to question **M2**.

If the above points do not apply to you, go to **Part B**.

	Relevant threshold amount	Phase-in limit
If you are eligible for the senior Australians tax offset (see page 87)	\$20,500	\$22,162
If you are eligible for the pensioner tax offset (see pages 91–2)	\$19,252	\$20,812
All other taxpayers	\$15,902	\$17,191

PART B

Reductions based on family income

In **Part B**, 'dependent children and students' means:

- any child under 16 you maintained who was not a full-time student and whose separate net income was less than \$1,786 (for the first child) or \$1,410 (for any additional child)
- any full-time student under 25 you maintained whose separate net income was less than \$1,786.

See **What is maintaining a dependant?** and **What is separate net income?** on pages 73–4.

If you were single or separated on 30 June 2005, you must have been eligible for family tax benefit for the whole or part of 2004–05 for any child or student you want to include under the term 'dependent children and students' (see pages 75–8).

Part B categories

If your taxable income was above the relevant threshold amount in **Part A**, you may still be eligible for a reduced levy based on your family income.

To be eligible for a reduced levy based on family income, you must have been in one of the following categories:

- You had a spouse – married or de facto – on 30 June 2005.
- Your spouse died during 2004–05 and you did not have another spouse before the end of the year.
- You are entitled to a child-housekeeper or housekeeper tax offset at item **T1** on your tax return or would be entitled if you were not eligible for the family tax benefit – see pages 75–8.
- You were a sole parent at any time during 2004–05. That is, you had **sole care** of any dependent children or students. This includes any child for whom you had sole care, not just your own child.

! DEFINITION

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 sole care if you are living with a spouse – married or de facto – unless special circumstances exist. 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 2004–05 but during the year you separated from or were deserted by your spouse and for that period 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 of whether special circumstances apply phone the Personal Tax Infoline (see the inside back cover).

If you had a spouse on 30 June 2005 or your spouse died during the year, your **family income** is you and your spouse's combined taxable income for Medicare levy purposes (see **Post-June 1983 elements** on page 101). Otherwise, it is your taxable income.

You do not pay the levy if you were in one of the **Part B** categories above and your family income was equal to or less than the relevant 'lower income limit'. Find the limit that applies to your circumstances in the family income table in the next column. However, you still need to complete steps 1 and 2. Go to step 1.

If your family income was greater than the relevant lower income limit but equal to or less than the relevant upper income limit, you pay a reduced levy. Go to step 1.

If your family income was above the relevant upper income limit you do not qualify for a reduced levy. Go to **Exemption categories** on page 103.

There are two family income tables shown below. Use **Family income table 1** if you are eligible for the senior Australians tax offset. Use **Family income table 2** in all other circumstances.

FAMILY INCOME TABLE 1

For taxpayers who are eligible for the senior Australians tax offset

Number of dependent children and students during 2004–05	Lower income limit	Upper income limit
0	\$31,729	\$34,301
1	\$34,193	\$36,965
2	\$36,657	\$39,629
3	\$39,121	\$42,292
4	\$41,585	\$44,956

If you had more than four dependent children or students, you can extend this table. The lower income limit increases by \$2,464 for each additional child or student and the upper income limit increases by \$2,663 for each additional child or student.

FAMILY INCOME TABLE 2

For all taxpayers except those eligible for the senior Australians tax offset

Number of dependent children and students during 2004–05	Lower income limit	Upper income limit
0	\$26,834	\$29,009
1	\$29,298	\$31,673
2	\$31,762	\$34,337
3	\$34,226	\$37,001
4	\$36,690	\$39,664

If you had more than four dependent children or students, you can extend this table. The lower income limit increases by \$2,464 for each additional child or student and the upper income limit increases by \$2,663 for each additional child or student.

Claiming your reduced levy

STEP 1 If you had a spouse at 30 June 2005 or your spouse died during the year, you must complete **Spouse details – married or de facto** on pages 6–7 of your tax return. You must also complete **Your spouse's name** on page 1 of your tax return.

If your spouse's taxable income includes any post-June 1983 elements of an eligible termination payment where the maximum tax rate is zero, print SCHEDULE OF ADDITIONAL INFORMATION – QUESTION M1 SPOUSE'S TAXABLE INCOME on a separate piece of paper and write this amount. Include your name, address and tax file number. Print **X** in the **YES** box at *Taxpayer's declaration* question **2a** on page 8 of your tax return. Sign your schedule and attach it to page 3 of your tax return.

STEP 2 Write how many dependent children and students you had during 2004–05 at **Y** item **M1** on page 5 of your tax return.

If you had none, write **0**. We will work out your reduced levy based on this information. If you wish to calculate the levy yourself, you can use the Medicare levy calculator on our website or the worksheets on pages 126–7.

NOTE

If you received any exempt foreign employment income we use a special formula to work out the amount of tax – including Medicare levy – you have to pay on your taxable income. You will not be able to work out your Medicare levy. We will work it out for you.

Read on to see if you are entitled to an exemption.

PART C

Medicare levy exemption

Exemption categories

You were in an exemption category if:

- 1 You were a blind pensioner or you received the sickness allowance from Centrelink.
- 2 You were entitled to full free medical treatment for all conditions under defence force arrangements or Veterans' Affairs Repatriation health card (gold card) or repatriation arrangements.
- 3 You were not an Australian resident for tax purposes.
- 4 You were a resident of Norfolk Island.
- 5 You were a member of a diplomatic mission or consular post in Australia – or a member of such a person's family and you were living with them – and you were not an Australian citizen and you do not ordinarily live in Australia.
- 6 You have a certificate from the Medicare Levy Exemption Certification Unit of the Health Insurance Commission showing that you are not entitled to Medicare benefits. A letter from Medicare is not sufficient.

If you were not in one of these exemption categories, you are **not entitled to an exemption**. Go to question **M2**.

DEFINITION

For parts C and D, **dependant** means an Australian resident you maintained who was:

- your spouse
- a child of yours aged less than 16 years, or
- a child of yours aged 16 years or over but less than 25 years who was receiving full-time education at a school, college or university and whose separate net income was less than \$1,786.

See **What is maintaining a dependant?** and **What is separate net income?** on pages 73–4.

If the parents of a child lived separately or apart for all or part of the income year and the child was a dependant of each of them, the child is treated as a dependant of each parent. We base the levy calculation on the percentage of family tax benefit Part A that was paid or is payable for that child in respect of that period.

If you were in exemption categories 3 or 4 for the whole income year you qualify for a **full Medicare levy exemption** regardless of whether or not you had dependants. Write **365** at **V** item **M1** on your tax return and go to question **M2**.

If you were in any other exemption category, or were in exemption categories 3 or 4 for only part of 2004–05, read on.

EXAMPLE

Leanne was a member of the defence forces for the whole income year. She shared the care of Daniel with her ex-spouse and received 14% family tax benefit Part A based on the shared care arrangement. This means that Daniel is considered to be Leanne's dependant for Medicare levy exemption purposes for 51 days (14% of 365) during the year.

Full levy exemption

You may qualify for a full exemption for all or part of 2004–05.

Categories 1 or 2

You will qualify for a full exemption from the Medicare levy for a period in 2004–05 if you were in exemption categories 1 or 2 (see the previous column) and you satisfied any of the following conditions during the whole of that period:

- You had no dependants for the period.
- All your dependants (including your spouse if you had one) were either in one of the exemption categories also, or had to pay the Medicare levy. For example, your only dependant was your spouse who was not in an exemption category and had to pay the Medicare levy.
- You had dependent children who were not in an exemption category but they were also dependants of your spouse, who either:
 - had to pay the Medicare levy, or
 - was in exemption categories 1 or 2 and you have completed a **Family agreement** on page 104, declaring that your spouse will pay the half levy for your joint dependants.

To be eligible to complete a **Family agreement** it is a condition that both you and your spouse would, apart from your exempt category status, have to pay the Medicare levy.

Categories 3 or 4 for part of the income year, or categories 5 or 6

If you were in exemption categories 3 or 4 (see the previous column) for only part of 2004–05 or exemption categories 5 or 6 for any period of 2004–05, you will qualify for a full Medicare levy exemption for that period if one of the following conditions applies:

- you had no dependants for that period, or
- all your dependants were in an exemption category for that period.

If you met any of the conditions for any exemption category you were in, go to **Full levy exemption for a period** on the next page.

If you did not meet any of the conditions for any exemption category you were in go to:

- **Part D: Half levy exemption for all or part of 2004–05** if you were in exemption categories 1 or 2 for a period in 2004–05, or

- question **M2** if you were not in exemption categories 1 or 2 for a period in 2004–05.

Full levy exemption for a period

STEP 1 Write the total number of days that you and your dependants, if any, met the required conditions, at **V** item **M1** on page 5 of your tax return.

If you were in more than one exemption category and the time you were in one overlapped with the time you were in another, only add up the number of days from the day you started in the first category to the last day you were in the last category.

EXAMPLE

You were in category 1 from 1 August to 30 September and category 2 from 15 September to 1 November. The number of days from 1 August to 1 November is 93 days. You would show 93 days at **V** item **M1**.

STEP 2 If you have completed **V** and you are in exemption category 6 print the letter **C** in the **CLAIM TYPE** box at the right of **V** item **M1**.

Otherwise leave the box blank.

STEP 3 If you had a spouse at any time in 2004–05 you must complete **Spouse details – married or de facto** on pages 6–7 of your tax return. You must also complete **Your spouse's name** on page 1 of your tax return.

STEP 4 If the number of days you wrote at **V** is **365**, you will not have to pay any Medicare levy. You have finished this question. Go to question **M2**.

If you were in exemption categories 3, 4, 5 or 6, you have finished this question. Go to question **M2**.

If the number of days you wrote at **V** is **less than 365**, and you were in exemption categories 1 or 2, you may qualify for a half levy exemption. Read on.

PART D

Half levy exemption

You may qualify for a half-levy exemption for all or part of 2004–05.

You qualify for a half exemption from the Medicare levy for a period in 2004–05 if you were in exemption categories 1 or 2 (see page 103) and you satisfied either of the following conditions during the whole of that period:

- you had at least one dependant (for example, a spouse) who was not in an exemption category and who did not have to pay the Medicare levy (for example, because they were a low income earner – see **Part A**)
- your spouse was in exemption categories 1 or 2 (see page 103) and you and your spouse had a child who was a dependant of both of you and was not in an exemption category. In this case, either you or your spouse can claim a full levy exemption at **Part C** and the other can claim a half levy exemption at **Part D**. You do this by completing a **Family agreement** in the next column.

If you did not meet one of these conditions, go to question **M2**.

Getting a half levy exemption

STEP 1 Write the total number of days that you and your dependants met the required conditions at **W** item **M1** on page 5 of your tax return.

If you were in both exemption categories and the time you were in one exemption category overlapped with the time you were in the other exemption category, only add up the number of days from the day you started in the first category to the last day you were in the second category.

EXAMPLE

You were in category 1 for the period 1 August to 30 September and category 2 from 15 September to 1 November. The number of days from 1 August to 1 November is 93 days. You would show 93 days at **W** item **M1**.

STEP 2 If you had a spouse at any time during 2004–05 you must complete **Spouse details – married or de facto** on pages 6–7 of your tax return. You must also complete **Your spouse's name** on page 1 of your tax return.

STEP 3 If you had a child who was a dependant of both you and your spouse and you are claiming a half levy exemption under **Part D**, both you and your spouse will need to complete a **Family agreement** declaring that you will pay the half levy for your joint dependants.

FAMILY AGREEMENT

We	<input type="text"/>
(Your name)	<input type="text"/>
	<input type="text"/>
(Your spouse's name)	<input type="text"/>
<i>hereby agree that the half Medicare levy payable in respect of our dependant or dependants for 2004–05 will be paid by</i>	
(Name of person claiming half exemption)	<input type="text"/>
Spouse's signature	<input type="text"/>
Your signature	<input type="text"/>

! NOTE

If you are claiming a full exemption from the Medicare levy at **Part C**, you will need to keep this **Family agreement** with your tax records:

- for five years from the date you lodge your tax return, or
- if you are subject to a shorter period of review (see page 12)
 - for two years after the due date for payment if you had a taxable notice of assessment, or
 - for two years from the 30th day after you received your notice advising you that no tax is payable.

We will work out your exemption based on the information on your tax return. If you wish to calculate the exemption yourself, you can use the Medicare levy calculator on our website or the worksheet on page 127. Otherwise, go to question **M2**.

QUESTION M2

MEDICARE LEVY SURCHARGE

M2

M2**MEDICARE LEVY SURCHARGE**

THIS QUESTION IS COMPULSORY FOR ALL TAXPAYERS

For the whole of 2004–05 did you and all of your dependants (including your spouse) – if you had any – have private patient hospital cover?

For the definitions of **private patient hospital cover**, **dependants**, **family**, **taxable income for Medicare levy surcharge purposes** and other relevant terms see **Explanation of terms** on this page.

YES Print **X** in the **YES** box at the right of **E** item **M2** on your tax return. Make sure you have completed **Private health insurance policy details**. See page 99 for assistance. Go to question **A1** on page 109.

NO Print **X** in the **NO** box at the right of **E** item **M2** on your tax return. Read below.

For the whole of 2004–05 were you:

- **a single person – without a dependent child or children – with a taxable income for Medicare levy surcharge (MLS) purposes of \$50,000 or less**

OR

- **a member of a family and the combined taxable income for MLS purposes of you and your spouse (if you had one) was \$100,000 (plus \$1,500 for each dependent child after the first, if you had children) or less?**

NO You may have to pay the surcharge. Print **X** in the appropriate **NO** box at item **M2** on your tax return. If you had a spouse during 2004–05 you may also have to complete your spouse details on page 1 of your tax return. Go to **You need to know** below.

YES You do not have to pay the surcharge for any part of the year. Print **X** in the appropriate **YES** box at item **M2** on your tax return. Go to **Completing this question** on page 108.

YOU NEED TO KNOW

Individuals and families on higher incomes who do not have private patient hospital cover pay the Medicare levy surcharge for any period during 2004–05 that they did not have this cover.

The surcharge is 1% of their taxable income. It is additional to the 1.5% Medicare levy.

Explanation of terms

For MLS purposes you will need to understand the following terms:

Private patient hospital cover – is cover provided by an insurance policy issued by a registered fund for some or all hospital treatment provided in an Australian hospital or day hospital facility. However, if you take out an insurance policy for hospital cover after 24 May 2000 that contains an ‘annual front-end deductible’ or excess of more than \$500 (in the case of a policy covering only one person) and more than \$1,000 (all other policies) you will not be considered to have private patient hospital cover. The same applies to an insurance policy for hospital cover with a high front-end deductible or excess taken out before 24 May 2000 that ceased to provide continuous cover after that date.

If you made a payment to cover a shortfall in the cost of hospital treatment, other than the excess agreed in your policy, this is not a front-end deductible or excess. Your health fund may include details of the level of front-end deductible or excess that applied to your policy in the private health insurance statement that it sent you.

Your health fund statement will indicate the maximum number of days that your policy may have provided an appropriate level of private patient hospital cover at ‘**A**’.

Travel insurance is not private patient hospital cover for MLS purposes. Private patient hospital cover does not include cover provided by an overseas or unregistered fund.

NOTE

To find out if your health fund is a registered health fund, visit the Private Health Insurance Administration Council website at www.phiac.gov.au

Ancillary cover – is commonly known as ‘extras’. Ancillary cover is NOT private patient hospital cover. It covers items such as optical, dental, physiotherapy or chiropractic treatment.

Dependants – a dependant is an Australian resident, being:

- your spouse – even if they worked during 2004–05
- any of your children who were under 16 years of age
- any of your children aged 16 years and older but under 25 years of age who were full-time students.

For MLS purposes you need to have contributed to your dependant’s maintenance. See **What is maintaining a dependant?** on page 73.

Spouse – married or de facto – If you are living separately and apart from your spouse we treat you as not being married.

Family – we consider you to be a member of a family during any period of 2004–05 that you contributed to the maintenance of a dependant. Any parent (including a sole parent) who contributed to the maintenance of a dependent child or children is considered to be a member of a family.

Taxable income for Medicare levy surcharge purposes

– is the total of:

- your taxable income
- your total reportable fringe benefits amounts at **W** item 9 on your tax return
- the net amount on which family trust distribution tax has been paid (see question **A3** on page s60 of *TaxPack 2005 supplement*)

LESS

- any post-June 1983 elements of an eligible termination payment (ETP) where the maximum tax rate is zero. If you are unsure of the tax rate, phone the Superannuation Infoline (see the inside back cover).

If you had any exempt foreign employment income and a taxable income of \$1 or more, you need to complete this question as if the exempt income were added to your taxable income.

The taxable income of your spouse for MLS purposes is the total of:

- your spouse's taxable income
- your spouse's total reportable fringe benefits amounts
- any share in the net income of a trust estate to which your spouse is presently entitled and on which the trustee of the trust is assessed under section 98 of the *Income Tax Assessment Act 1936* and which has not been included in your spouse's taxable income
- the net amount on which family trust distribution tax has been paid which your spouse would have had to show as assessable income if that tax had not been paid

LESS

- any post-June 1983 elements of an ETP where the maximum tax rate is zero.

A trustee is assessed under section 98 of the *Income Tax Assessment Act 1936* in relation to a presently entitled beneficiary under a legal disability. A person is under a legal disability if they are under 18 years of age as at 30 June 2005, or a bankrupt, or a person who has been declared legally incapable because of a mental condition.

When don't you have to pay the surcharge?

You do not have to pay the surcharge if you were in an exemption category for the whole of 2004–05 and you did not have any dependants or, if you had dependants, they were also all in an exemption category and/or they all had private patient hospital cover for the whole of 2004–05.

For more information on the exemption categories for the Medicare levy, read page 103. If the above paragraph applies, go to **Completing this question** on page 108.

You do not have to pay the surcharge if you had private patient hospital cover for the whole of 2004–05 and you did not have any dependants or, if you had dependants, they also all had private patient hospital cover for the whole of 2004–05 and/or they were all in an exemption category. If this applies, go to **Completing this question** on page 108.

You do not have to pay the surcharge for the full year if you had private patient health cover for part of the year and:

- you and your dependents, if any, were not in an exemption category at any time during 2004–05, and
- your taxable income or combined taxable income for MLS purposes was above the relevant threshold.

However, you must pay the surcharge for the number of days you or any of your dependents did not have private patient hospital cover. Examples 1 and 2 may help you work this out. Go to **Completing this question** on page 108.

EXAMPLE 1**Part-year private patient hospital cover**

Ashley is not married and in 2004–05 he had a taxable income for MLS purposes of \$59,000. He was not in a Medicare levy exemption category at any time during the year.

Ashley took out private patient hospital cover on 15 December 2004. Because Ashley's taxable income was above the single surcharge threshold of \$50,000 and he did not have private patient hospital cover for the full year he will have to pay the MLS for the part of the year that he did not have private patient hospital cover.

Ashley will NOT have to pay the surcharge for the time he had private patient hospital cover – 15 December 2004 to 30 June 2005 (198 days).

Ashley will write the number of days in 2004–05 that he is NOT liable for the surcharge – 198 – at **A** item **M2** on his tax return and complete **Private health insurance policy details**.

EXAMPLE 2**Part-year liability**

Kathy and Mark have been married for a number of years. They have three dependent children. Kathy, Mark and their children were not in a Medicare levy exemption category at any time during the year. Kathy and the children were covered by private patient hospital cover for the full income year. Mark had his name added to the policy on 10 December 2004.

Kathy and Mark had a combined taxable income for Medicare levy surcharge (MLS) purposes of \$115,000. Because not everyone was covered for the full period 1 July 2004 to 9 December 2004, Kathy and Mark are both liable for the surcharge for this period – 162 days. Kathy and Mark would both write the number of days in 2004–05 that they were NOT liable for the surcharge – 203 – at **A** item **M2** on their tax returns and complete **Private health insurance policy details**.

When do you have to pay the surcharge?

You will have to pay the surcharge for any period during 2004–05 that you or any of your dependants did NOT have private patient hospital cover AND you were:

- a single person with a taxable income for MLS purposes greater than \$50,000, or
- a member of a family and the combined taxable income for MLS purposes of you and your spouse (if you had one for the whole of 2004–05) was above the relevant family surcharge threshold shown in the table on this page.

! NOTE

If your spouse died during the year and you did not have another spouse before the end of the year, we consider you to have had a spouse until the end of the year and you retain the benefit of the family surcharge threshold.

FAMILY SURCHARGE THRESHOLD	
Number of dependent children	Surcharge income threshold
0–1	\$100,000
2	\$101,500
3	\$103,000
4	\$104,500
More than four dependent children	\$104,500 plus \$1,500 for each additional child

It is possible that both the single and family surcharge thresholds applied to you at different periods during 2004–05 because your circumstances changed during the year – see **What if your circumstances changed during the year?** However, if only one of the surcharge thresholds – single or family – applied to you for the whole of 2004–05 and:

- your taxable income or combined taxable income for MLS purposes **did not exceed** this threshold, you are not liable for the surcharge for any part of the year. Go to **Completing this question** on page 108. Otherwise, read on.
- you and your spouse's combined taxable income for MLS purposes **exceeded** the family surcharge threshold but your own taxable income for MLS purposes **did not exceed** \$15,902, you are not liable for the surcharge for any part of the year. (This amount reflects a proposed change to the law for 2004–05 which at the time of printing *TaxPack* had not become law.) However, your spouse may still be liable for the surcharge. Go to **Completing this question** on page 108. Otherwise read on.
- your taxable income or combined taxable income for MLS purposes **exceeded** this threshold then you will have to pay the surcharge for the whole of the 2004–05 income year if for the whole of 2004–05 you or any of your dependants:
 - did not have private patient hospital cover and
 - were not in one of the Medicare levy exemption categories on page 103.

Go to **Completing this question** on page 108.

What if your circumstances changed during the year?

If you had a new spouse or separated from your spouse, or you became or ceased to be a sole parent, both the single and the family surcharge thresholds may apply to you for different periods.

To work out if you were liable for the Medicare levy surcharge (MLS) for any period during 2004–05 that you:

- were single (that is, you had no spouse and no dependent child or children) – apply the single surcharge threshold of \$50,000 to your own taxable income for MLS purposes.
- had a spouse or a dependent child or children – apply the family surcharge threshold of \$100,000 plus \$1,500 for each dependent child after the first, to your own taxable income for MLS purposes (**Example 3** may help you).

EXAMPLE 3

Spouse for part-year

Sally separated from Adrian on 12 October 2004 and stayed single. Neither Sally nor Adrian had any dependent children. Sally and Adrian were dependants of each other for MLS purposes only for the period they were together. For 2004–05, Adrian's taxable income for MLS purposes was \$45,000 and Sally's taxable income for MLS purposes was \$60,000. Sally and Adrian did not have private patient hospital cover at any time during 2004–05.

As they are considered to be a family for the period 1 July 2004 to 12 October 2005, they are each entitled to the family surcharge threshold of \$100,000 for this period. For the period 1 July 2004 to 12 October 2004, Sally is not liable for the surcharge as her taxable income for MLS purposes of \$60,000 was under the family surcharge threshold. Adrian is also not liable for the surcharge for this period as his taxable income for MLS purposes of \$45,000 was also under the family surcharge threshold.

For the period 13 October 2004 to 30 June 2005 – 261 days – the single person surcharge threshold of \$50,000 applies to both of them. For this period, Adrian is not liable for the surcharge because he had a taxable income for MLS purposes of \$45,000.

Adrian will write 365 at **A** item **M2** on his tax return.

Sally is liable to pay the surcharge for the period 13 October 2004 to 30 June 2005 – 261 days – because her taxable income for MLS purposes was \$60,000. Sally will write 104, the number of days in 2004–05 that she is NOT liable for the surcharge, at **A** item **M2** on her tax return.

➤ COMPLETING THIS QUESTION

WHAT YOU MAY NEED

- your taxable income for MLS purposes
- your spouse's taxable income for MLS purposes, if you had a spouse for the whole of 2004–05 or your spouse died during the year
- the number of your dependent children during 2004–05
- the number of days you and all your dependants had private patient hospital cover during 2004–05
- your private health insurance policy details
- the number of days you do NOT have to pay the surcharge.

STEP 1 If you and all your dependants (including your spouse) had private patient hospital cover for the whole of 2004–05, print **X** in the **YES** box at the right of **E** item **M2** on page 5 of your tax return. Make sure you also complete your **Private health insurance policy details**. See page 99 for assistance. You have now finished this question. Go to question **A1**.

If you and all your dependants (including your spouse) did not have private patient hospital cover or only had cover for part of the year, print **X** in the **NO** box at the right of **E** in item **M2** on page 5 of your tax return. Go to step 2.

STEP 2 Write the number of days during 2004–05 that you do NOT have to pay the surcharge at **A** item **M2**.

! NOTE

The number of days you had private health insurance cover will be shown on your health fund statement at **A**.

If you do NOT have to pay the surcharge for the whole period 1 July 2004 to 30 June 2005 write **365** at **A**.

If you have to pay the surcharge for:

- the whole period 1 July 2004 to 30 June 2005 write **0** at **A**.
- part of the period 1 July 2004 to 30 June 2005 write the number of days you do NOT have to pay the surcharge at **A**.

If you had a dependent child during 2004–05 go to step 3. Otherwise, go to step 4.

STEP 3 Write the number of your dependent children during 2004–05 at **D** item **M2**.

STEP 4 If you had a spouse during 2004–05 and you and all of your dependants were not covered by private patient hospital cover for the full year, complete **Spouse details – married or de facto** on pages 6–7 of your tax return. If you cannot find out any of the amounts required, you may make a reasonable estimate.

If your spouse's taxable income at **O** included any post-June 1983 elements of an eligible termination payment where the maximum tax rate is zero, print **SCHEDULE OF ADDITIONAL INFORMATION – QUESTION M2 SPOUSE'S TAXABLE INCOME** on a separate piece of paper and write this amount. Include your name, address and tax file number. Print **X** in the **YES** box at *Taxpayers declaration* question **2a** on page 8 of your tax return. Sign your schedule and attach it to page 3 of your tax return.

You must also complete **Your spouse's name** on page 1 of your tax return.

STEP 5 If you had private patient hospital cover for part of the year you must complete **Private health insurance policy details**. See page 99 for assistance.

You have now completed this question. Go to question **A1**.

DO YOU WANT TO WORK OUT YOUR SURCHARGE?

You do not have to work out your Medicare levy surcharge amount. We will work it out based on the information you provide. If you would like to work it out for your records, you can use the Medicare levy calculator on our website or the worksheet on page 128.

! NOTE

If you received any exempt foreign employment income, we use a special formula to work out the amount of tax – including MLS – you have to pay on your taxable income. You will not be able to calculate your MLS. We will do this calculation for you.

STOP

If you were under 18 years of age at 30 June 2005, you **must** complete this question or you may be taxed at a higher rate than necessary.

Were you under 18 years of age at 30 June 2005?

NO Go to question **A2**.

YES Read below.

There are different rates of tax for different types of income. To make sure you are paying the right rate, complete this question.

Did any of the following apply to you at 30 June 2005?

- You:
 - were working full-time or had worked full-time for three months or more in 2004–05 (ignoring full-time work that was followed by full-time study)
 - AND
 - were intending to work full-time for most or all of 2005–06 and not study full-time.
- You were entitled to a disability support pension or a rehabilitation allowance, or someone was entitled to a carer allowance to care for you.
- You were permanently blind.
- You were disabled and were likely to suffer from that disability permanently or for an extended period.
- You were entitled to a double orphan pension and you received little or no financial support from your relatives.
- You were unable to work full-time because of permanent mental or physical disability and you received little or no financial support from your relatives.

NO Go to **Calculating your 'excepted net income'**.

YES Read on.

If you were in any of the above categories on 30 June 2005, all of your income will be taxed at normal rates.

Write **0** at **J** item **A1** on page 6 of your tax return. Then print the code letter **A** in the **TYPE** box at the right of **J**. You have now completed this question. Go to question **A2**.

Calculating your 'excepted net income'

You need to calculate how much of your income will be taxed at normal rates. This income is called 'excepted net income'.

STEP 1 Add up all of the following income amounts that you have shown on your tax return:

- employment income
- taxable pensions or payments from Centrelink or the Department of Veterans' Affairs
- a compensation, superannuation or pension fund benefit
- income from a deceased person's estate
- income from property transferred to you as a result of another's death or family breakdown, or to satisfy a claim for damages for an injury you suffered
- income from your own business
- income from a partnership in which you were an active partner
- net capital gains from the disposal of any of the property or investments referred to above
- income from investment of amounts referred to above.

Although you will be showing this income twice, you will not be taxed twice.

STEP 2 Add up all your deductions that relate to the income from step 1. (See the **Deductions** section on pages 40–68.) Take away the total of those deductions from the total income worked out at step 1.

STEP 3 Write the amount from step 2 at **J** item **A1** on your tax return. Do not show cents. This is your excepted net income. If you do not have any of the income listed in step 1 or the amount from step 2 is zero, write **0** at **J** item **A1** on your tax return.

EXAMPLE

Joshua is a school student who works at a supermarket. He earned \$2,200 in 2004–05 and is entitled to a deduction of \$100 for protective clothing. At step 2 he takes \$100 from \$2,200 = \$2,100. This is the amount he writes at **J** item **A1**.

STEP 4 Print the code letter **M** in the **TYPE** box at the right of **J** item **A1**.

The amount you have shown at **J** item **A1** will be taxed at normal rates. A higher rate of tax will apply for your other income. For more information phone the Personal Tax Infoline (see the inside back cover).

NOTE

If you received a distribution from a trust, read question **12 Partnerships and trusts** in *TaxPack 2005 supplement*, on pages s2–6.

QUESTION A2

PART-YEAR TAX-FREE THRESHOLD

A2

A2**ADJUSTMENTS**

In 2004–05 did you:

- **stop full-time education for the first time**
- **become an Australian resident, or**
- **stop being an Australian resident?**

NO Go to **Checklist – tax return pages 1–8** on page 112.

YES Read below.

The full year tax-free threshold is \$6,000. The tax-free threshold may apply to you for only part of the year and is therefore a proportion of the full-year tax-free threshold. The Tax Office uses the following information to work out your tax-free threshold. It is divided into three parts. If more than one part applies to you, phone the Personal Tax Infoline (see the inside back cover).

PART A

Did you first stop full-time education in 2004–05?

NO Go to **Part B**.

YES Read below.

YOU NEED TO KNOW

If you left full-time education for the first time in a particular financial year, you can only claim the tax-free threshold for the months you were not studying full-time. You must reduce it by \$500 for each full month you were studying. However, if you were working while you were studying, you can add on your net income for these months to work out your tax-free threshold. As a result your tax-free threshold may still work out to be \$6,000.

You stopped full-time education:

- if you studied full-time at a school, college, university or similar institution at any time during 2004–05, and
- you were not studying full-time on 30 June 2005, and
- if you stopped full-time education between 1 March 2005 and 30 June 2005, you did not begin another course of full-time education within four months of when you stopped.

STEP 1 Work out the number of months in 2004–05 that you were not in full-time education. Include the month that you stopped full-time education. Write this number at **N** item **A2** on page 6 of your tax return. For example, if you stopped full-time education on 19 November 2004, the number of months you would show on your tax return would be eight (November 2004 to June 2005).

! NOTE

If only **Part A** applies to you and the number of months from when you stopped full-time education is 12, do not complete item **A2**. You are entitled to the full tax-free threshold.

STEP 2 To do this step, your income is separated into the following three categories:

1. salary or wages – which includes amounts you have shown at item **5**
2. non-salary and wage income – for example, dividends, interest and rent, and
3. income you received:
 - from carrying on your own business
 - as a partner in a partnership
 - as a beneficiary of a trust.

Work out the net amount of income you earned in each category while you were a full-time student. The example on this page and the next shows you how to do this.

You need to calculate your net income for each category separately first so that you can work out what part of it you reasonably attribute to the period you were a full-time student. Then add the net income amounts together.

STEP 3 Write the total of the net income you earned while you were a full-time student at **O** item **A2**. Do not show cents.

CHECK THAT YOU HAVE . . .

For **Part A**:

- written the number of months from when you stopped being a full-time student
- written the total amount of net income you earned while you were a full-time student in 2004–05.

Note: You do not need to complete the **Date** box at item **A2** on your tax return.

EXAMPLE: Working out net income

1 Salary and wage income

Nicki was an Australian resident for all of 2004–05 and a full-time student from 1 July 2004 to 3 October 2004 (95 days). During that period she also worked part-time.

Nicki's income from salary and wages during her period of full-time study	\$750
Nicki's deductions relating to her salary and wage income – she does not include the tax taken out	\$90
Nicki's net salary and wage income – assessable income less deductions	\$660

(See the next page for Nicki's other two income categories.)

2 Non-salary and wage income

Nicki also received non-salary and wage income from interest.

Nicki's non-salary and wage income received during 2004–05		\$120
Nicki's deductions relating to her non-salary and wage income		\$20
Nicki's net non-salary and wage income		\$100
The number of days Nicki was studying full-time		95
Multiply Nicki's net income by the number of days she was studying (\$100 × 95).	A	\$9,500
Number of days in 2004–05		365
Divide A by the number of days in 2004–05 (divide \$9,500 by 365)	B	\$26
The amount at B is Nicki's net non-salary and wage income for the period she was studying full-time (\$26).		

3 Income from a business, partnership or trust (as an owner, partner or beneficiary respectively)

Nicki also became a beneficiary of a trust on 16 August 2004.

Nicki's trust income during 2004–05		\$100
Nicki's deductions relating to her trust income		\$15
Nicki's net income from the trust		\$85
The number of days during Nicki's study period that she was a beneficiary of the trust (16 August to 3 October 2004)		49
Multiply Nicki's net income from the trust by the number of days she received it while she was studying (\$85 × 49)	A	\$4,165
Number of days in 2004–05 that Nicki was a beneficiary of the trust (16 August to 30 June 2005)	B	319
Divide A by B (the number of days above) (divide \$4,165 by 319)	C	\$13
The amount at C is Nicki's net income as a beneficiary for the period she was studying full-time (\$13).		

SUMMARY OF EXAMPLE

Amount to be shown at **A** item **A2**:

Net salary and wage income – see part 1 of example	\$660
Net non-salary and wage income – see part 2 of example	\$26
Net income from a business, partnership or trust – see part 3 of example	\$13
Amount Nicki needs to show at A item A2 on her tax return	\$699

PART B

Did you become an Australian resident in 2004–05?

If you are unsure read **Are you an Australian resident?** on page 14.

NO Go to **Part C**.

YES Read on.

STEP 1 Write the date you became an Australian resident for tax purposes in the **Date** box at item **A2** on page 6 of your tax return.

STEP 2 Write the number of months that you lived in Australia in 2004–05 – counting the month you started to live here – at **N** item **A2** on your tax return.

NOTE

If your residency changed during 2004–05 and you showed income at items **5** or **6** on your tax return, you may not need to complete this question. Phone the Personal Tax Infoline.

PART C

Did you stop being an Australian resident in 2004–05?

If you are unsure read **Are you an Australian resident?** on page 14.

NO Go to **Check that you have . . .**

YES Read on.

STEP 1 Write the date you stopped being an Australian resident for tax purposes in the **Date** box at item **A2** on page 6 of your tax return.

STEP 2 Write the number of months from 1 July 2004 to when you left Australia – counting the month you left Australia – at **N** item **A2** on your tax return.

CHECK THAT YOU HAVE . . .

For **Part B**:

- written in the **Date** box the date you became an Australian resident
- written the number of months that you lived in Australia in 2004–05.

For **Part C**:

- written in the **Date** box the date you left Australia
- written the number of months from 1 July 2004 to when you left Australia.

CHECKLIST – TAX RETURN PAGES 1–8

Use this checklist to make sure your tax return is complete before you lodge it with the Tax Office. To avoid any delay in processing, please use the pre-addressed envelope provided with your *TaxPack*. If you don't have a pre-addressed envelope, see page 113 for the address to use.

CHECK THAT YOU HAVE . . .

- written your tax file number
- filled in all your personal details – including your spouse's name if you had a spouse
- filled in the appropriate details for electronic funds transfer if you want to have your refund paid directly into a financial institution account
- filled in the code boxes – if you were asked to do so – at items **3**, **I**, **TOTAL INCOME OR LOSS**, **D1**, **D3**, **D4**, **SUBTOTAL**, **TAXABLE INCOME OR LOSS**, **T1**, **T2**, **T3**, **T6**, **M1** and **A1**
- completed item **M2** – this is **compulsory** for all taxpayers
- if required, completed pages 9–12 of the tax return and worked through the checklist on page s63 in *TaxPack 2005 supplement*
- written totals at:
 - TOTAL TAX WITHHELD**
 - TOTAL INCOME OR LOSS**
 - TOTAL DEDUCTIONS**
 - SUBTOTAL**
 - TAXABLE INCOME OR LOSS**
 - TOTAL TAX OFFSETS**
- attached copies of the following to page 3 of your tax return:
 - all payment summaries, including any ETP (eligible termination payment) payment summaries
 - all statements or letters from your payers that detail income and tax withheld
 - any statutory declarations required
 - all statements or letters relating to pensions, allowances or payments
 - all statements, letters or RBL (reasonable benefits limits) determinations relating to eligible termination payments, and
 - other attachments as instructed by any section or question in *TaxPack 2005*
- completed **Spouse details – married or de facto** if required
- completed your spouse's details and provided your signature on page 8 of your tax return if you have consented to offset part or all of your spouse's family tax benefit (FTB) overpayment against your tax refund
- if you were under 18 years of age as of 30 June 2005, completed item **A1** – this is **compulsory** (if it is incomplete, you may be taxed at a higher rate than necessary)
- read **Self-assessment – it's your responsibility** on page 12
- read, completed, signed and dated the *Taxpayer's declaration*
- attached pages 9–12 of your tax return (supplementary section) to page 8
- attached your *Baby bonus claim 2005* to the back of your tax return if you are claiming the baby bonus for the first time
- attached your *Family tax benefit (FTB) tax claim 2005* to the back of your tax return if you are claiming FTB with your tax return
- kept copies of your tax return, all attachments and relevant papers for your own records.

WHERE TO LODGE YOUR TAX RETURN

LODGING BY MAIL

To make sure the Tax Office can process your tax return as quickly as possible, use the pre-addressed envelope enclosed with your copy of *TaxPack*. The address shown on it is our official lodgment address. If you post your tax return to any of our other addresses you may experience delays.

Only use this envelope for lodging your tax return (and its attachments) and/or a non-lodgment advice. Do not use it to send correspondence intended for other Tax Office locations (these are listed with their addresses on page 131).

If you did not receive an envelope with your *TaxPack*, or have misplaced it, please post your tax return in a business-sized envelope to:

Australian Taxation Office GPO Box 9845 IN YOUR CAPITAL CITY	PLEASE AFFIX STAMP
--	--------------------------

↓

Do not replace the words IN YOUR CAPITAL CITY with the name of your capital city and its postcode – because of a special agreement with Australia Post, they are not needed.

LODGING THROUGH TAXPACKEXPRESS

Instead of posting your tax return directly to us you can use Australia Post **TAXPACKEXPRESS** for a fast tax refund.

Through this service Australia Post will process your tax return and lodge it with the Tax Office electronically. We will issue your notice of assessment – and refund if applicable – in around 14 days. The Australia Post charge of \$22.00 is tax deductible on your next year's tax return.

For more information about **TAXPACKEXPRESS** see the brochure that came with *TaxPack*, or pick up a brochure and lodgment envelope from your nearest post office. Do not use the pre-addressed envelope enclosed with *TaxPack* to lodge through **TAXPACKEXPRESS**.

LODGING FROM OVERSEAS

If you are lodging from outside Australia, you can use e-tax and lodge your tax return over the internet – most tax returns lodged using e-tax are processed within 14 days. To find out how to lodge using e-tax, visit our website.

Alternatively, you can lodge a paper return using the pre-addressed envelope. Change the address like this:

Cross out IN YOUR CAPITAL CITY and replace it with
SYDNEY NSW 2001
AUSTRALIA

(It would assist us if you would cross out the bar code above the address.)

! NOTE

Before you lodge your tax return, make sure you have read **Self-assessment – it's your responsibility** on page 12.

IF YOU MADE A MISTAKE ON YOUR TAX RETURN

If you realise that you did not include something on your tax return that you should have, or there is some other error on your tax return, you need to correct it as soon as possible by requesting an amendment.

To request an amendment, write a letter to the Tax Office.

In the letter provide your name, address, phone number, tax file number and information about what you want to amend. Include:

- the year shown on the tax return you want to amend – for example, 2004
- the tax return item number and description affected by the change
- the amount of income or deductions to be added or taken away
- the amount of tax offsets to be increased or decreased
- the claim type code – if one applies to the item you are changing
- an explanation of why you made the mistake
- a declaration as follows: 'I declare that all the information I have given in this letter, including any attachments, is true and correct'
- the date, and
- your signature.

If you voluntarily tell us that you made a mistake and an amendment will:

- increase the amount of tax you have to pay – we will, in most cases, impose a lower penalty than would otherwise have been imposed
- reduce the amount of tax you have to pay (for example, where you increase your deductions or tax offsets) – we will not impose a penalty.

If you have used *TaxPack* properly, as explained on the inside front cover, and have made an honest mistake, you will not be charged a penalty. You may, though, have to pay

an interest charge on any shortfall of tax. Our decision will be based on the particular circumstances that you explain in your letter.

If you made the mistake because something in *TaxPack* was misleading, you will not be charged any penalty or interest on any shortfall of tax.

It is very important that your letter explains why you made the mistake, so that we can assess any penalties or interest charge correctly.

Make sure you attach to your letter any payment summaries or additional information that apply to the item being changed. **Post your letter and attachments to the tax office that sent your notice of assessment.** Keep a copy for your records. Do not send another tax return unless we ask you to.

Is there any time limit for you to request an amendment?

Your request for an amendment must be lodged within four years of the due date for payment (or two years if you meet the shorter period of review requirements – see page 12).

For 2004–05, if a due date for payment is not specified on your notice of assessment and:

- you lodge your tax return by 31 October 2005, you have until the later of the following to lodge your amendment request:
 - 21 November 2009 (2007 if you meet the shorter period of review requirements), or
 - four years and 21 days after you receive your notice of assessment.
- you do not lodge your tax return by 31 October 2005, you have until 21 November 2009 (2007 if you meet the shorter period of review requirements) to lodge the amendment request.


Example of a letter requesting an amendment

Riley Finn
3 Wood St
Collingville 1234
Tax file number: 123 456 789
Phone: (01) 2345 6789

Dear Deputy Commissioner of Taxation

Please amend my 2005 tax return. My employer sent me a letter advising that my payment summary was incorrect. Please increase my income at question 1 by \$1,450 and also increase my tax withheld by \$368. A copy of the letter is attached.

I declare that all the information I have given in this letter, including any attachments, is true and correct.


Riley Finn
20 September 2005

PAYING YOUR TAX DEBT

HOW DO YOU KNOW HOW MUCH YOU HAVE TO PAY?

Your notice of assessment will tell you how much tax you have to pay, if any, and when you must pay to avoid being charged a general interest charge (GIC) for late payment.

WHEN DO YOU PAY YOUR TAX DEBT?

You must lodge your income tax return by 31 October 2005, unless you have been given a deferral of time to lodge, or your return is being prepared by a registered tax agent. If you did not use a tax agent last year but intend to do so this year – or you will be using a different tax agent this year – make sure you contact the agent before 31 October 2005.

If you lodge your tax return on time, any tax payable will be due the later of the following:

- 21 days after you receive your notice of assessment, or
- 21 days after your tax return was due to be lodged.

If you:

- prepare your own tax return and lodge it by 31 October 2005, any tax payable will be due no earlier than 21 November 2005.
- have contacted the Tax Office and been given a deferral of time to lodge your tax return, any tax payable will be due no earlier than 21 days after the deferred date for lodgment.

If you do not lodge your tax return on time, the law treats your tax as being payable 21 days after your tax return was due for lodgment, irrespective of the date you are advised of the debt.

GIC will accrue on any amount that is not paid by the due date for payment.

WHAT IF YOUR TAX DEBT IS INCREASED BECAUSE YOUR ASSESSMENT IS AMENDED?

Prior to the 2004–05 income year, if your assessment was amended to increase your tax debt, the additional tax was treated as a late payment. As a result you were charged GIC from the original due date.

At the time of publication, there was legislation before Parliament which provides that for the 2004–05 income year and later years, where your assessment is amended and the tax payable increased, the due date for payment of the additional tax is 21 days after the Commissioner gives you your notice of amended assessment.

Under the proposed legislation you will also no longer be liable for GIC from the original due date. Instead, you will be liable to pay a shortfall interest charge from the original due date to the day before the issue of the notice of amended assessment. The shortfall interest charge will be calculated at a lower interest rate than GIC and will be due 21 days after the notice of amended assessment is issued.

GIC will continue to apply to any unpaid amount of the amended assessment and the shortfall interest charge after the due date for the amended assessment.

WHERE DO YOU PAY YOUR TAX DEBT?

Information about payment options is on the back of your notice of assessment. We do not accept payments over the counter at Tax Office shopfronts. If you need more information, phone **1800 815 886**.

The Tax Office does not accept payment by credit card.

DO YOU HAVE TO PAY YOUR TAX IF YOU DON'T AGREE WITH YOUR ASSESSMENT?

You must pay your tax on time even if you have lodged an objection or asked for an amendment. If the objection is decided in your favour, you will normally receive a refund of the amount you have overpaid plus interest.

WHAT IF YOU CANNOT PAY YOUR TAX DEBT ON TIME?

If you cannot pay your tax on time, phone the Account Management Infoline on **13 11 42** to discuss your situation. Depending on your circumstances, you may be able to:

- defer the payment, or
- enter into an arrangement to pay by instalments.

In some circumstances you will need to provide written details of your financial position, including a statement of your assets and liabilities and details of your income and expenditure.

We will also want to know what steps you have taken to obtain funds to pay your tax and what steps you are taking to make sure you meet future tax debts on time.

If we agree to:

- defer the time for payment, GIC will not apply until after the deferred date for payment
- allow you to pay by instalments, we will impose GIC on the outstanding balance from the original due date.

You can claim any interest we charge as a tax deduction in the income year in which you incur it. If we charge you interest, you can request a remission of all or part of the charge. Phone the Account Management Infoline for further information.

WHAT IF PAYMENT WILL CAUSE YOU HARDSHIP?

Serious hardship exists when you are unable to provide food, accommodation, clothing, medical treatment, education or other necessities for yourself, your family, or other people for whom you are responsible.

You can apply for a release from payment of your tax debt. We can give you further information and an application form – phone the Account Management Infoline.

YOUR NOTICE OF ASSESSMENT

WHAT IS YOUR NOTICE OF ASSESSMENT?

The notice of assessment the Tax Office sends you is an itemised account of the amount of tax you owe on your taxable income, taking into account any tax offsets you are entitled to. Your notice also contains other details that are not part of the assessment, such as the amount of credit for tax you have already paid through the income year.

When you receive your notice of assessment, check it to make sure that everything is correct.

For more information about the items on your notice of assessment, visit our website.

Unless you are using electronic funds transfer (EFT), the bottom section of your notice of assessment will be either your refund cheque or, if you owe tax, your payment advice.

Please note that if you have any other outstanding tax debts, child support debts, family tax benefit (FTB) debts or Centrelink debts, these may be deducted from any refund you are entitled to. If this happens, we will give you the relevant details.

! NOTE

You should receive your notice of assessment within six weeks of the date you lodge your tax return (see **How long do you have to wait for your assessment?** below). However, under the law the Tax Office has some time during which we can review your tax return. During this time, we may increase or decrease the amount of tax payable (or refundable) as shown on your initial notice of assessment.

This review period is normally four years (but see **A shorter period of review** on page 12). It can be extended to six years if tax avoidance is involved (see **Self-assessment – it's your responsibility** on page 12).

Family tax benefit (FTB) and your notice of assessment

If you lodged an FTB tax claim with your tax return, your notice of assessment will include information about your FTB entitlement. If the Family Assistance Office (FAO) was unable to process your entitlement in time, your notice of assessment will say so. If you have a tax debt, your FTB entitlement may be used towards paying that debt.

If you received FTB directly from the FAO – for example, as a fortnightly payment – your notice of assessment may include information about your reconciliation result.

Reconciliation

When your actual family income is known, the FAO will make sure you have been paid the right amount of FTB. If you and your spouse (if you have one) are required to lodge a tax return, the Tax Office will send your actual income details to the FAO for calculation of your correct

entitlement. The FAO will compare the amount of FTB you received throughout the year with the amount you are entitled to, based on you and your spouse's actual income.

If you were paid less FTB than you are entitled to, your payment may be 'topped up'. The top-up will be included in your assessment or, if that is not possible, the FAO will pay it to you directly. Your top-up may be used to pay any tax debt you have.

If you have been paid too much, the FAO will recover any amount you should not have received. Your tax refund – or your spouse's if they gave consent – can be used to recover these amounts directly.

You have two years from the end of the claim year to lodge your FTB claim and receive your FTB entitlement. Note that if you or your spouse do not lodge your tax returns by the due date – see **Lodge your tax return by 31 October 2005** on page 12 – you may be subject to penalties for lodging a late tax return.

If you received FTB directly from the FAO – for example, as a fortnightly payment – and your notice of assessment does not show an FTB reconciliation result, do not be concerned. The reason may be that the FAO was unable to reconcile your FTB payment by the time we issued your notice of assessment. If you have an FTB overpayment or are entitled to a 'top up' the FAO will contact you directly.

! NOTE

The FAO will determine your final entitlement to FTB, including the child supplement. If this payment is not shown on your assessment, the FAO will pay you at a later time.

If you are unsure about an FTB amount or message on your notice of assessment, phone **13 61 50** or visit the FAO.

Child Support Agency

If you have outstanding liabilities to the Child Support Agency (CSA), your tax refund can be used to meet them; in certain circumstances your FTB entitlement can also be used.

HOW LONG DO YOU HAVE TO WAIT FOR YOUR ASSESSMENT?

Our current standard for processing tax returns posted to the Tax Office is six weeks. If you lodged over the internet using e-tax or through the **TAXPACKEXPRESS** service, our standard processing time is two weeks.

However, if you received an FTB payment from the FAO, or claimed it from the Tax Office, your e-tax or **TAXPACKEXPRESS** tax return may take longer to process. This additional time is necessary to make sure that family tax benefits are paid correctly.

If you sent your tax return by ordinary post please wait seven weeks before phoning to check on our progress with your tax return. If you lodged over the internet or used the **TAXPACKEXPRESS** service, please wait three weeks (see table below).

SENT	WAIT
Ordinary post	7 weeks
e-tax	3 weeks
TAXPACKEXPRESS	3 weeks

After that time you can use the automated self-help service on **13 28 65** (available 24 hours per day, every day) to check the progress of your tax return. You will need to key in your tax file number (TFN) using your telephone keypad.

CAN YOU GET YOUR REFUND FASTER?

The Tax Office may be able to help you get a quicker refund if you are in serious financial hardship. Serious hardship means you are unable to provide food, accommodation, clothing, medical treatment, education or other necessities for you or your family or other people for whom you are responsible.

Phone the Personal Tax Infoline (see the inside back cover) before you lodge your tax return to find out if you are eligible for this faster service. Have on hand your tax return, TFN, pension or benefit statement, payment summaries, and other papers that show you are in severe financial hardship.

WHAT IF YOU THINK YOUR ASSESSMENT IS WRONG?

Check all the details on your notice of assessment with those on your tax return. If you still think there is a problem, phone the Personal Tax Infoline (see the inside back cover) for help. You will need your notice of assessment and, if possible, a copy of your tax return.

WHAT IF YOU STILL THINK YOUR ASSESSMENT IS WRONG?

You can write to the Tax Office and request an amendment – see **If you made a mistake on your tax return** on page 114 – or you can object to your assessment.

If you want to object see the fact sheet on our website, or to find out how to get a printed copy, see the inside back cover.

PRIVACY AND ACCESS TO INFORMATION

HOW DOES THE TAX OFFICE PROTECT YOUR TAX INFORMATION?

The tax law has secrecy provisions that prohibit any officer of the Tax Office (including employees and contractors) or any other government department from improperly accessing, recording or disclosing anyone's tax information. These provisions only allow officers to disclose information in performing their duties and in certain other specified circumstances. A person can be fined up to \$11,000 and sentenced to two years in prison for breaking these provisions.

In addition, the *Privacy Act 1988* protects personal information held by federal government agencies. It also protects tax file numbers, no matter who holds them.

ASKING ABOUT YOUR ASSESSMENT

If you phone

When you phone we will ask you to provide your tax file number (TFN) and other information to confirm your identity – for example, details from a recent notice of assessment.

If you want a representative to be able to phone us on your behalf, you must first authorise us, in writing, to discuss your information with them. When the person contacts us, they will need to quote your written authority and provide information to prove their identity.

This requirement is to protect your privacy.

If you write

Quote your TFN, your full name and your address. Please provide your phone number if it is convenient. Remember to sign the letter.

CAN THE TAX OFFICE GIVE YOUR INFORMATION TO ANYONE?

We can give your information to government agencies specified in tax law. This disclosure is usually to check eligibility for government benefits, for law enforcement purposes or for collecting statistics. Any further use of your information by these agencies is also controlled by law. We can also disclose your information in performing our duties under tax laws.

Otherwise, we can give your information only to you or to someone you have appointed to act for you.

WHAT ABOUT CHILD SUPPORT AGENCY (CSA) CLIENTS?

Information you give us may be used by the CSA in assessing or collecting child support.

RESERVE BANK OF AUSTRALIA

If you receive a refund cheque with your notice of assessment, details of your refund are provided to the Reserve Bank of Australia to assist in clearing your cheque.

WHO CAN ASK YOU FOR YOUR TFN?

Only certain people and organisations can ask you for your TFN. These include employers, some federal government agencies, trustees for superannuation funds, payers under the pay-as-you-go (PAYG) system, higher education institutions, the CSA and investment bodies such as banks. You do not have to give your TFN but there may be consequences if you do not – for example, if you are applying for a government benefit and you do not give your TFN, you may not be paid the benefit.

DO YOU NEED MORE INFORMATION?

If you need more information about how the tax law protects your personal information or have any concerns about how the Tax Office has handled your personal information, phone the Personal Tax Infoline (see the inside back cover).

If you are unable to resolve your concerns with the Tax Office about how we have handled your personal information, you can contact the Privacy Commissioner's office by visiting the Privacy Commissioner's website at www.privacy.gov.au or phoning the privacy hotline on 1300 363 992.

FREEDOM OF INFORMATION

The *Freedom of Information (FOI) Act 1982* gives you the right to see your tax return and other documents – for example, payment summaries and notices of assessment. In some circumstances this information may be provided free of charge, but usually there is a charge to cover the time and expense involved in getting the information for you. We suggest you phone the Personal Tax Infoline (see the inside back cover) before you ask for information under the FOI Act.

Please keep copies of your tax returns, as a request for a copy from the Tax Office may involve a charge.

DEALING WITH THE TAX OFFICE

It is important that you are aware of both your rights and your obligations when dealing with the Tax Office.

When we make a decision about your tax affairs, we will tell you about your rights and obligations in relation to that decision. We will also give you contact details in case you have any queries or need more information.

There is information under 'Your rights' on our website or, to find out how to get a printed copy of the *Taxpayers' Charter – what you need to know* (NAT 2548–10.2003), see the inside back cover.

YOUR RIGHT TO COMPLAIN

If you are dissatisfied with a particular decision the Tax Office has made, or with one of our services or actions, you have the right to complain.

We recommend that you first try to sort your complaint out with the tax officer you have been dealing with (or phone the number you have been given).

If you are not satisfied, talk to the tax officer's manager.

If you are still not satisfied, phone our complaints line on **13 28 70**.

You can also make a complaint by:

- writing to:
Complaints
Australian Taxation Office
Locked Bag 3120
Melbourne VIC 3001
- sending a FREEFAX on **1800 060 063**.

THE COMMONWEALTH OMBUDSMAN

If you are not satisfied with the Tax Office's decisions or actions, you can raise the matter with the Commonwealth Ombudsman's Special Tax Adviser. Before looking into a matter, the Special Tax Adviser may ask you to go to the Tax Office's complaints area if you have not already done so.

The Commonwealth Ombudsman's office can investigate most complaints relating to tax administration and may recommend that we provide a solution or remedy to your problem. Investigations are independent, private, informal and free of charge.

You can contact the Commonwealth Ombudsman's office by:

- visiting their website at **www.ombudsman.gov.au**
- phoning the National Complaints Line on **1300 362 072**
- visiting the office nearest you (there are offices in all Australian capital cities), or
- writing to:
The Special Tax Adviser
Commonwealth Ombudsman
GPO Box 442
Canberra ACT 2601

THE PRIVACY COMMISSIONER

The Privacy Commissioner receives complaints under the *Privacy Act 1988* and tax file number guidelines. You can contact the Privacy Commissioner by:

- phoning the privacy hotline on **1300 363 992**
- writing to:
The Privacy Commissioner
GPO Box 5218
Sydney NSW 1042

HOW WE WORK OUT YOUR TAX

INCOME

You show this amount at **TOTAL INCOME OR LOSS** on page 2 of your tax return.

minus

ALLOWABLE DEDUCTIONS

You show this amount at **TOTAL DEDUCTIONS** on page 3 of your tax return. You may also show an amount at **L1**.

equals

TAXABLE INCOME

You show this amount at **TAXABLE INCOME OR LOSS** on page 3 of your tax return. We use this amount to work out your tax.

TAX ON TAXABLE INCOME

If you want to estimate the tax on your taxable income, use the calculator on our website or the worksheets on pages 121–3.

minus

TAX OFFSETS

You show most tax offsets at **TOTAL TAX OFFSETS** on page 4 of your tax return. If you are entitled to a low income, senior Australians, mature age worker, beneficiary or pensioner tax offset, we work it out for you. You can estimate some offsets for yourself using either the calculators on our website or the worksheets on pages 123–5.

Any refundable tax offsets are included in the amount for 'tax credits and refundable tax offsets' (see below).

equals

NET TAX PAYABLE

plus

HECS AND SFSS REPAYMENTS

If you have a Higher Education Contribution Scheme (HECS) debt or Student Financial Supplement Scheme (SFSS) debt, we work out your repayment. If you want to estimate it, use the calculators on our website or the worksheets on pages 128–9.

plus

MEDICARE LEVY AND SURCHARGE

We work these amounts out from items **M1** and **M2** on page 5 of your tax return. If you want to estimate them, use the calculator on our website or the worksheets on pages 126–8.

minus

TAX CREDITS AND REFUNDABLE TAX OFFSETS

We work these out from: any amounts of tax you paid during the year (which have not been credited or refunded); any refundable tax offsets (such as baby bonus); any amount shown at **T5**; and any franking credit from items **11** or **12**.

equals

REFUND OR AMOUNT OWING

We show this amount on your notice of assessment. Your entitlement to a refund may be affected by any outstanding liabilities to the Tax Office or the Child Support Agency. These amounts will appear on your notice of assessment as 'Other amounts payable'. An entitlement, top-up or overpayment relating to family tax benefit from the Family Assistance Office may also affect your refund or amount owing.

WORKING OUT YOUR TAX REFUND OR TAX DEBT

You do not have to work out your tax refund or tax debt. We will work it out from the information you provide in your tax return and advise you of the result in your notice of assessment.

If you do want to work out your tax refund or tax debt for your own purposes, you can use the tax calculators on our website or the worksheets on the following pages.

There are some situations where you cannot work out your tax refund or tax debt because the nature of the calculation is too complex. These situations include where you:

- had income subject to capital gains tax
- had an eligible termination payment
- are entitled to use your spouse's unused senior Australians or pensioner tax offset
- had a lump sum payment in arrears
- had a lump sum payment because you retired or finished working in a job
- were under 18 years old and earned more than \$772 in interest, dividends or other investment income
- had credit for tax paid by a trustee
- have a family tax benefit tax claim
- had exempt foreign employment income
- had income that was subject to averaging
- had film industry investment deductions
- had a dividend from a New Zealand company with Australian franking credits attached.

Working out your tax refund or tax debt

To do this you need to work out:

- your tax-free threshold
- the tax on your taxable income
- your beneficiary tax offset, if any
- your low income tax offset, if any
- your senior Australians or pensioner tax offset, if any
- your mature age worker tax offset, if any
- your Medicare levy, if any
- your Medicare levy surcharge, if any
- your Higher Education Contribution Scheme compulsory repayment, if any
- your Student Financial Supplement Scheme compulsory repayment, if any
- your Higher Education Loan Programme repayment, if any.

When you have worked out all these components, the FINAL WORKSHEET on page 130 shows you how to calculate your tax refund or tax debt.

TAX-FREE THRESHOLD

To work out the tax on your taxable income you need to know your tax-free threshold. This is the amount of income you can earn before you must start paying tax.

If you were a non-resident for the full year you are not entitled to a tax-free threshold. Go to **Tax on taxable income** on the next page.

For most people the tax-free threshold is \$6,000. A lower amount – the part-year tax-free threshold – may apply if you answered **YES** to question **A2** on page 110.

Question **A2** applies if you:

- (i) stopped full-time education for the first time in 2004–05
- (ii) became an Australian resident during 2004–05
- (iii) stopped being an Australian resident during 2004–05.

If category (ii) or (iii) applies to you and you showed income at items **5** or **6** on your tax return, you may not have a part-year tax-free threshold – phone the Personal Tax Infoline for help. Also phone the Infoline if more than one category applies to you.

Otherwise, work out if you have a part-year tax-free threshold. The following steps will help you to do this.

(i) You stopped full-time education for the first time in 2004–05

STEP 1 Multiply the number you wrote at **N** item **A2** on page 6 of your tax return by \$500.

STEP 2 Add the amount you wrote at **O** item **A2** to your step 2 amount.

STEP 3 If the amount you worked out at step 2 is less than \$6,000, the amount you worked out is your part-year tax-free threshold. If the total is \$6,000 or more, your tax-free threshold is \$6,000.

(ii) and (iii) You became or stopped being an Australian resident during 2004–05

Multiply the number you wrote at **N** item **A2** on page 6 of your tax return by \$500. The result is your part-year tax-free threshold.

TAX ON TAXABLE INCOME

We provide a number of tables and worksheets on the next pages to help you work out the tax on your taxable income. The ones you use depend on your tax-free threshold. If you were:

- an Australian resident for tax purposes for the full year and you are entitled to a \$6,000 tax-free threshold, use **Table 1** and **Worksheet 1**.
- a non-resident for the full year, use **Table 2** and **Worksheet 1**.
- an Australian resident for tax purposes and the tax-free threshold you worked out above is less than \$6,000, go to **Where tax-free threshold is adjusted** on the next page and use the relevant worksheet.

TABLE 1 – RESIDENT FOR FULL YEAR

Taxable income	Tax on this income
\$1–\$6,000	Nil
\$6,001–\$21,600	17 cents for each \$1 over \$6,000
\$21,601–\$58,000	\$2,652 + 30 cents for each \$1 over \$21,600
\$58,001–\$70,000	\$13,572 + 42 cents for each \$1 over \$58,000
\$70,001 and over	\$18,612 + 47 cents for each \$1 over \$70,000

Note: From the list below, identify the income amount less than but nearest your taxable income and the tax on that income. Use these amounts at (b) and (c) in Worksheet 1.

Income amount and tax on it: \$6,000 is nil
 \$21,600 is \$2,652
 \$58,000 is \$13,572
 \$70,000 is \$18,612

EXAMPLE – Full-year resident

Sam was an Australian resident. He had a taxable income of \$25,682 for 2004–05. He works out his tax as follows:

Taxable income (from **TAXABLE INCOME OR LOSS** on page 3 of Sam's tax return) **\$25,682** (a)

Amount in income list in **Table 1** that is less than but nearest Sam's taxable income **\$21,600** (b)

Tax on (b) **\$2,652.00** (c)

Tax on remaining income { Take (b) away from (a) **\$4,082** (d)
 Tax rate applied to (d)* **\$0.30** (e)

Multiply (d) by (e) **\$1,224.60** (f)

Tax on your taxable income [Add (c) and (f)] **\$3,876.60**

* This is the rate applied to the income range Sam's taxable income falls into (see Table 1).

WORKSHEET 1

Your taxable income (from **TAXABLE INCOME OR LOSS** on page 3 of your tax return) \$ (a)

Amount in income list in **Table 1** or **2** (whichever is relevant) that is less than but nearest your taxable income \$ (b)

Tax on (b) \$ (c)

Tax on remaining income { Take (b) away from (a) \$ (d)
 Tax rate applied to (d)* \$ (e)

Multiply (d) by (e) \$ (f)

Tax on your taxable income [Add (c) and (f)] \$

* This is the rate applied to the income range your taxable income falls into (see Table 1 or 2).

TABLE 2 – NON-RESIDENT FOR FULL YEAR

Taxable income	Tax on this income
\$1–\$21,600	29 cents for each \$1
\$21,601–\$58,000	\$6,264 + 30 cents for each \$1 over \$21,600
\$58,001–\$70,000	\$17,184 + 42 cents for each \$1 over \$58,000
\$70,001 and over	\$22,224 + 47 cents for each \$1 over \$70,000

Note: From the list below, identify the income amount less than but nearest your taxable income and the tax on that income. Use these amounts at (b) and (c) in Worksheet 1.

Income amount and tax on it: \$21,600 is \$6,264
 \$58,000 is \$17,184
 \$70,000 is \$22,224

EXAMPLE – Non-resident for full year

For tax purposes, Jan was not an Australian resident at any time throughout 2004–05. Her taxable income was \$25,682.

Taxable income (from **TAXABLE INCOME OR LOSS** on Jan's tax return) **\$25,682** (a)

Amount in income list in **Table 2** that is less than but nearest your taxable income **\$21,600** (b)

Tax on (b) **\$6,264.00** (c)

Tax on remaining income { Take (b) away from (a) **\$4,082** (d)
 Tax rate applied to (d)* **\$0.30** (e)

Multiply (d) by (e) **\$1,224.60** (f)

Tax on Jan's taxable income [Add (c) and (f)] **\$7,488.60**

* This is the rate applied to the income range Jan's taxable income falls into (see Table 2).

Where tax-free threshold is adjusted

Your tax-free threshold (T) is the amount you worked out on page 121.

Write your tax-free threshold here. \$ _____ = T

Use **Table 3** and **Worksheet 2**, below, if your taxable income is \$21,600 or less. Use **Table 4** and **Worksheet 3** on the next page if your taxable income is over \$21,600.

TABLE 3 – TAXABLE INCOME OF \$21,600 OR LESS

Taxable income	Tax on this income
\$1 to T	Nil
(T + \$1) to \$21,600	17 cents for each \$1 over T

WORKSHEET 2

Your taxable income from **TAXABLE INCOME OR LOSS** on page 3 of your tax return \$ (a)

T (your tax-free threshold) \$ (b)

Take (b) away from (a) \$ (c)

Tax on your taxable income Multiply (c) by tax rate of 17 cents (0.17) \$

TABLE 4 – TAXABLE INCOME OVER \$21,600

To work out your tax for the year, you will first need to work out the tax you would pay on \$21,600, which we have called **S**.

$$S = (\$21,600 - T) \times 0.17$$

Write the amount here **S**

Use this amount at (c) in Worksheet 3.

Taxable income	Tax on this income
\$21,601–\$58,000	S + 30 cents for each \$1 over \$21,600
\$58,001–\$70,000	S + \$10,920 + 42 cents for each \$1 over \$58,000
\$70,001 and over	S + \$15,960 + 47 cents for each \$1 over \$70,000

Note: From the list below, identify the income amount less than but nearest your taxable income and the tax on that income. Use these amounts at (b) and (d) in Worksheet 3.

- Income amount and tax on it:
- \$21,600 is **S**
 - \$58,000 is **S** + \$10,920
 - \$70,000 is **S** + \$15,960

LOW INCOME TAX OFFSET

You are entitled to the tax offset if your taxable income is less than \$27,475.

You get the maximum tax offset of \$235 if your taxable income is \$21,600 or less. The tax offset reduces by four cents for each dollar of taxable income over \$21,600.

Use the low income tax offset calculator on our website or the worksheet below to work out your tax offset if your taxable income is more than \$21,600 but less than \$27,475.

Maximum tax offset	(a)	\$235
Write your taxable income here	(b)	\$
Threshold at which tax offset reduces	(c)	\$21,600
Take (c) away from (b)	(d)	\$
Divide (d) by 100	(e)	\$
Multiply (e) by 4	(f)	\$
Your offset [take (f) away from (a)]	(g)	\$

The amount at (g) is the tax offset you are entitled to. Use this amount when you work out your tax refund or tax debt on page 130.

Do not write the amount at (g) anywhere on your tax return. We will work out your low income tax offset and make sure it reduces your tax.

BENEFICIARY TAX OFFSET

If you have shown income at question 5 use the calculator on our website or the worksheet below to work out your beneficiary tax offset.

Total amount of allowance or payment you received – from A item 5 on page 2 of your tax return	(a)	\$
Take \$6,000 away from (a) – or, if your tax-free threshold is lower than \$6,000, take that lower amount from (a) to work out (b).	(b)	\$
Your offset [multiply (b) by \$0.17]	(c)	\$

If (b) is 0 or a negative amount, you are not entitled to a tax offset.

If the amount you have shown at (a) is more than \$21,600 you are entitled to an additional 13% tax offset on the excess.

Do not write your tax offset anywhere on your tax return.

EXAMPLE

Karen had a tax-free threshold (**T**) of \$5,000. Her taxable income for 2004–05 was \$58,544.

Karen's **S** amount is worked out as follows:

$$(\$21,600 - \$5,000) \times 0.17 = \$2,822.00.$$

[Karen uses this amount at (c), below]

Taxable income (from TAXABLE INCOME OR LOSS on Karen's tax return)	<input type="text" value="\$58,544"/>	(a)	
Amount in income list in Table 4 that is less than but nearest Karen's taxable income	<input type="text" value="\$58,000"/>	(b)	
S (tax on the first \$21,600 of Karen's income)	<input type="text" value="\$2,822.00"/>	(c)	
Tax on (b)	<input type="text" value="\$10,920.00"/>	(d)	
Tax on remaining income	Take (b) away from (a)	<input type="text" value="\$544"/>	(e)
	Tax rate applied to (e)*	<input type="text" value="\$0.42"/>	(f)
	Multiply (e) by (f)	<input type="text" value="\$228.48"/>	(g)
Tax on Karen's taxable income [Add (c), (d) and (g)]	<input type="text" value="\$13,970.48"/>		

* This is the rate applied to the income range Karen's taxable income falls into (see Table 4).

WORKSHEET 3

Taxable income (from TAXABLE INCOME OR LOSS on page 3 of your tax return)	<input type="text"/>	(a)	
Amount in income list in Table 4 that is less than but nearest your taxable income	<input type="text"/>	(b)	
S (tax on the first \$21,600 of your income)	<input type="text"/>	(c)	
Tax on (b)	<input type="text"/>	(d)	
Tax on remaining income	Take (b) away from (a)	<input type="text"/>	(e)
	Tax rate applied to (e)*	<input type="text"/>	(f)
	Multiply (e) by (f)	<input type="text"/>	(g)
Tax on your taxable income [Add (c), (d) and (g)]	<input type="text"/>		

* This is the rate applied to the income range your taxable income falls into (see Table 4).

SENIOR AUSTRALIANS OR PENSIONER TAX OFFSET (from items T2 or T3)

If you want to work out your senior Australians or pensioner tax offset, you need to know your taxable income. This is the amount you showed at **TAXABLE INCOME OR LOSS** on page 3 of your tax return.

The two tables on this page show the taxable income thresholds that apply to each tax offset – **Table A** applies to the senior Australians tax offset, **Table B** to the pensioner tax offset.

If you have a spouse who is eligible for the senior Australians or pensioner tax offset and your taxable income is more than the relevant amounts in column 2 of **Table A** or **Table B** – whichever applies to you – you may still get a tax offset because of a transfer of the unused portion of your spouse's senior Australians or pensioner tax offset.

If you are eligible for a pensioner tax offset you will not be able to work out your tax offset if:

- you used tax offset code letter **S, Q, I** or **J** and you received more than \$12,714 pension income
- you used tax offset code letter **P** and you received more than \$10,616 pension income
- you used tax offset code letter **L, R, A** or **K** and you received more than \$12,238 pension income
- you used tax offset code letter **M** and you received more than \$10,218 pension income.

Refer to note 2 under **Table B** for more information.

! CODES

Senior Australians codes are explained on page 89, pensioner codes on page 91. You showed your code letter at either item **T2** or item **T3** on page 4 your tax return.

Do not write your tax offset amount anywhere on your tax return.

To work out your tax offset you can use the senior Australians and pensioner tax offset calculator on our website or read below.

STEP 1 Find the tax offset code letter that applies to you in the relevant table (A or B).

STEP 2 You may get up to the full tax offset shown in column 3 if your taxable income is equal to or less than the amount in column 1 for your tax offset code letter. If your taxable income is more than the amount in column 1 and less than the amount in column 2, use the **How to work out your tax offset** worksheet.

TABLE A – SENIOR AUSTRALIANS TAX OFFSET THRESHOLDS

	COLUMN 1	COLUMN 2	COLUMN 3
Your senior Australians tax offset code letter (see question T2)	You may get up to the full tax offset if your taxable income is equal to or less than this amount	You will not get a tax offset if your taxable income is equal to or more than this amount ⁽¹⁾	Maximum tax offset
A	\$20,500	\$38,340	\$2,230
B*, C*	\$19,383	\$35,703	\$2,040
D*, E*	\$16,806	\$29,622	\$1,602

- 1 For the code letters with an asterisk (*) you may still get a tax offset because of a transfer of the unused portion of your spouse's senior Australians or pensioner tax offset. We will work it out for you.

TABLE B – PENSIONER TAX OFFSET THRESHOLDS

	COLUMN 1	COLUMN 2	COLUMN 3
Your pensioner tax offset code letter (see question T3)	You may get up to the full tax offset if your taxable income is equal to or less than this amount	You will not get a tax offset if your taxable income is equal to or more than this amount ⁽¹⁾	Maximum tax offset ⁽²⁾
S, Q*, J*	\$18,453	\$35,389	\$2,117
I*	\$17,583	\$33,335	\$1,969
P*	\$15,324	\$28,004	\$1,585
L, R*, K*	\$17,853	\$33,973	\$2,015
A*	\$16,995	\$31,947	\$1,869
M*	\$14,818	\$26,810	\$1,499

- 1 For the code letters with an asterisk (*) you may still get a tax offset because of a transfer of the unused portion of your spouse's senior Australians or pensioner tax offset. We will work it out for you.
- 2 Your maximum tax offset may be higher than the amount in column 3, and you may get a tax offset if your taxable income is more than the amount in column 2, if:
- you used **S, Q, I** or **J** and your pension is more than \$12,714, or
 - you used **P** and your pension is more than \$10,616
 - you used **L, R, A** or **K** and your pension is more than \$12,238, or
 - you used **M** and your pension is more than \$10,218.

We will work it out for you.

HOW TO WORK OUT YOUR TAX OFFSET

Your taxable income (from TAXABLE INCOME OR LOSS on page 3 of your tax return)	(a)	\$
Income amount for your tax offset code letter (from column 1 in Table A or B)	(b)	\$
Take (b) away from (a)	(c)	\$
Your maximum tax offset (from column 3 in table A or B)	(d)	\$
Divide (c) by 8	(e)	\$
Take (e) from (d)	(f)	\$
If the amount at (f) is more than zero (0), this is your tax offset.		

The tax offset you work out here will not include any unused portion of your spouse's senior Australians or pensioner tax offset that we may transfer to you. Do not write your tax offset amount anywhere on your tax return.

! NOTE

You may be eligible for the mature age worker tax offset. For more information please see the next page.

MATURE AGE WORKER TAX OFFSET

At the time of printing *TaxPack 2005* the mature age worker tax offset legislation had not become law. If the legislation is passed we will calculate your offset for you. If you want to do it yourself, read on.

To be eligible for the mature age worker tax offset of up to \$500 you must:

- have had net income from working within certain limits
- have been an Australian resident on 30 June 2005, and
- have been aged 55 years or older as at 30 June 2005.

If you want to work out your tax offset, you need to know your **net income from working** amount.

How to work out your net income from working

To calculate your net income from working complete the worksheet below. To do this you will need to transfer the amounts from your tax return and supplementary section (if relevant).

If any of the amounts listed below do not apply to you write **0** in the appropriate box.

WORKSHEET 1

STEP 1 Income from working	
Salary or wages (C – G item 1)	\$
Allowances, earnings, tips directors fees etc (K item 2)	\$
Attributed personal services income (O item 8)	\$
Total reportable fringe benefits amounts (W item 9)	\$
Add up all your income from working (a)	\$
STEP 2 Related deductions	
Work-related car expenses (A item D1)	\$
Work-related travel expenses (B item D2)	\$
Work-related uniform, occupation specific or protective clothing laundry and dry cleaning expenses (C item D3)	\$
Work-related self-education expenses (D item D4)	\$
Other work related expenses (E item D5)	\$
Low-value pool deduction (K item D6)	\$
Add up all your related deductions (b)	\$
STEP 3 Net income from working (tax return)	
Take (b) from (a) (This can be a negative amount) (c)	\$
STEP 4 Net income from working (supplementary section)	
If you completed M item T12 from the supplementary section, write this amount at (d) (This can be a negative amount) (d)	\$

STEP 5 Total net income from working

Add (c) and (d) (e) \$

Use the table below to help you to decide which worksheet to use to work out your tax offset.

If your net income from working at (e) is	Your tax offset is	To calculate your offset
0 or a negative amount	Nil	You are not entitled to the tax offset.
\$1 to \$9,999	Calculated at 5 cents per dollar	Use worksheet 2
Between \$10,000 and \$48,000	\$500	This is your tax offset. You do not need to calculate it.
More than \$48,000 but less than \$58,000	Reduced by 5 cents per dollar over \$48,000	Use worksheet 3
\$58,000 and above	Nil	You are not entitled to the tax offset.

WORKSHEET 2 Net income from working is between \$1–\$9,999

Write your net income from working here (a)	\$
Divide (a) by 100 (b)	\$
Multiply (b) by 5 (c)	\$

The amount at (c) is the tax offset you are entitled to. You can use this amount when you work out your tax refund or tax debt on page 130. Do not write this amount anywhere on your return. We will work out your mature age worker tax offset and make sure it reduces your tax.

WORKSHEET 3 Net income from working is between \$48,001–\$57,999

Maximum tax offset (a)	\$500
Write your net income from working here (b)	\$
Threshold at which tax offset reduces (c)	\$48,000
Take (c) away from (b) (d)	\$
Divide (d) by 100 (e)	\$
Multiply (e) by 5 (f)	\$
Take (f) away from (a) (g)	\$

The amount at (g) is the tax offset you are entitled to. You can use this amount when you work out your tax refund or tax debt on page 130. Do not write this amount anywhere on your return. We will work out your mature age worker tax offset and make sure it reduces your tax.

MEDICARE LEVY (from question M1)

If you want to work out your Medicare levy before you receive your notice of assessment, you can use the Medicare levy calculator on our website or follow the steps below.

NOTE

If you had exempt foreign employment income you will not be able to work out your Medicare levy. We will do this when working out the amount of tax (including Medicare levy) you have to pay on your other income.

For Medicare levy purposes, taxable income excludes the amount of any post-June 1983 component of an eligible termination payment on which the maximum tax rate is zero.

STEP 1 Work out your basic levy

- If you were eligible for the senior Australians tax offset (see pages 87–8) and your taxable income was:
 - \$20,500 or less, you do not pay any Medicare levy
 - between \$20,500 and \$22,163, your levy is 20 cents for every dollar above \$20,500
 - \$22,163 or more, your levy is 1.5% of your taxable income.
- If you were eligible for the pensioner tax offset (see page 91) and your taxable income was:
 - \$19,252 or less, you do not pay any Medicare levy
 - between \$19,252 and \$20,813, your levy is 20 cents for every dollar above \$19,252
 - \$20,813 or more, your levy is 1.5% of your taxable income.
- In all other circumstances, if your taxable income was:
 - \$15,902 or less, you do not pay any Medicare levy
 - between \$15,902 and \$17,192, your levy is 20 cents for every dollar above \$15,902
 - \$17,192 or more, your levy is 1.5% of your taxable income.

For example: If you were not eligible for the senior Australians tax offset or the pensioner tax offset, the levy you pay on a taxable income of \$16,500 is \$119.60:

$$(\$16,500 - \$15,902) \times \frac{20}{100} = \$119.60$$

STEP 2 Did you claim a reduction or exemption at question **M1**? If you did not, your Medicare levy is the amount you worked out at step 1. If you are claiming a reduction or exemption, read on.

STEP 3 If you only completed **Part B** of question **M1**, go to step 4.

If you completed **Part B** and either **Part C** or **Part D** (or both), go to step 4.

If you completed **Part C**, **Part D**, or both, go to step 6.

STEP 4 Work out your family income

If you had a spouse on 30 June 2005 or your spouse died during 2004–05, your family income is the combined taxable income of you and your spouse.

If you did not have a spouse on 30 June 2005 but you were eligible for a reduced levy based on family income, your family income is your taxable income.

Refer to the following tables. Use **Family income table 1** if you were eligible for the senior Australians tax offset and **Family income table 2** in all other circumstances.

If your family income was less than or equal to your relevant lower income limit for the number of dependent children and students you had, you do not pay a levy.

If your family income was greater than your relevant lower income limit but less than or equal to your relevant upper income limit, you pay a reduced levy.

FAMILY INCOME TABLE 1 – for taxpayers who are eligible for the senior Australians tax offset

Number of dependent children and students during 2004–05	Lower income limit	Upper income limit
0	\$31,729	\$34,301
1	\$34,193	\$36,965
2	\$36,657	\$39,629
3	\$39,121	\$42,292
4	\$41,585	\$44,956

If you had more than four dependent children or students, you can extend this table. Increase the lower income limit by \$2,464 for each additional child or student and the upper income limit by \$2,663 for each additional child or student.

FAMILY INCOME TABLE 2 – for all taxpayers (except those eligible for the senior Australians tax offset)

Number of dependent children and students during 2004–05	Lower income limit	Upper income limit
0	\$26,834	\$29,009
1	\$29,298	\$31,673
2	\$31,762	\$34,337
3	\$34,226	\$37,001
4	\$36,690	\$39,664

If you had more than four dependent children or students, you can extend this table. Increase the lower income limit by \$2,464 for each additional child or student and the upper income limit by \$2,663 for each additional child or student.

The worksheets on this page show you how to work out the amount of Medicare levy you pay, using the example below.

EXAMPLE

Trevor, who is not eligible for the senior Australians tax offset, had two dependent children and a spouse on 30 June 2005. His taxable income was \$18,000 and his spouse's taxable income was \$16,000 – a family income of \$34,000. This is between his family income limits (see **Family income table 2** on the previous page). Go to step 5 to see how Trevor works out his Medicare levy.

STEP 5 Work out your family reduction amount

You need to do this in two parts.

PART 1

	Trevor		You	
Family income	(a)	\$34,000	(a)	\$
Lower limit from step 4	(b)	\$31,762	(b)	\$
Take (b) away from (a)	(c)	\$2,238	(c)	\$
Multiply (b) by 1.5 and divide by 100	(d)	\$476.43	(d)	\$
Multiply (c) by 18.5 and divide by 100	(e)	\$414.03	(e)	\$
Your family reduction amount [take (e) away from (d)]	(f)	\$62.40	(f)	\$

If your spouse's taxable income was less than \$15,902, go to step 6. If it was \$15,902 or more, you will share the reduction amount as shown below.

PART 2

	Trevor		You	
Family reduction amount from (f)	(g)	\$62.40	(g)	\$
Taxable income	(h)	\$18,000	(h)	\$
Multiply (g) by (h)	(i)	\$1,123,200	(i)	\$
Family income	(j)	\$34,000	(j)	\$
Your share of the family reduction amount [divide (i) by (j)]	(k)	\$33.04	(k)	\$

Your family reduction amount is unlikely to be more than your basic levy. If it is, the difference is taken off the levy your spouse pays. Similarly, any excess family reduction amount your spouse has may be transferred to you.

Example: The basic levy Trevor's spouse would pay is:

$$(\$16,000 - \$15,902) \times \frac{20}{100} = \$19.60$$

As it is less than Trevor's spouse's share of the family reduction amount of \$29.36 (\$62.40 – \$33.04), the balance of \$9.76 (\$29.36 – \$19.60) can be transferred to Trevor.

TRANSFER OF ANY EXCESS FROM SPOUSE

	Trevor		You	
Excess family reduction amount transferred from Trevor's spouse	(l)	\$9.76	(l)	\$
Your share of the family reduction amount [Add (k) and (l)]	(m)	\$42.80	(m)	\$

STEP 6 Work out your net basic levy

NET BASIC LEVY

	Trevor		You	
Basic levy from step 1	(n)	\$270.00	(n)	\$
Family reduction amount if applicable – from (f), (k) or (m)	(o)	\$42.80	(o)	\$
Net basic levy [Take (o) away from (n)]	(p)	\$227.20	(p)	\$

If you did not complete either **Part C** or **Part D** of question **M1**, go to step 8. If you completed one or both of these parts, read on.

STEP 7 Work out your exemption amount

FULL EXEMPTION

Number of days at V item M1 on page 5 of your tax return, if any	(q)	
Net basic levy at (p)	(r)	\$
Multiply (q) by (r)	(s)	\$
Divide (s) by 365	(t)	\$

HALF EXEMPTION

Number of days at W item M1 on page 5 of your tax return, if any	(u)	
Net basic levy at (p)	(v)	\$
Multiply (u) by (v)	(w)	\$
Divide (w) by 365	(x)	\$
Divide (x) by 2	(y)	\$

YOUR EXEMPTION AMOUNT

Your exemption amount [Add (t) to (y)]	(z)	\$
---	-----	----

STEP 8 Work out the Medicare levy you pay

The levy you pay [(p) – (z) (if any)]	\$
--	----

MEDICARE LEVY SURCHARGE (from question M2)

You do not have to work out the amount of Medicare levy surcharge you will pay. We will work it out from the information you provide on your tax return. We will tell you the result on your notice of assessment. If you do want to work it out before you receive your notice of assessment, follow the steps below.

NOTE

If you had exempt foreign employment income you will not be able to work out your Medicare levy surcharge. We will do this when working out the amount of tax (including the surcharge) you have to pay on your other income.

WORKING OUT YOUR MEDICARE LEVY SURCHARGE

Your taxable income (from TAXABLE INCOME OR LOSS on page 3 of your tax return)	(a)	\$
Your total reportable fringe benefits amounts (from item 9 on page 2 of your tax return)	(b)	\$
Any amount you have shown at item A3 on page 12 of your tax return (supplementary section)	(c)	\$
Any post-June 1983 component of an eligible termination payment where the maximum tax rate is zero	(d)	\$
Add (a), (b) and (c), then take away (d)	(e)	\$
Divide (e) by 100 to get 1%	(f)	\$

If you have to pay the surcharge for the **WHOLE** year, the amount you have to pay is (f). If you have to pay the surcharge for **PART** of the year, continue with the steps below.

Number of days at A item M2 on page 5 of your tax return	(g)	
Take (g) away from 365	(h)	
Multiply (f) by (h)	(i)	\$
Divide (i) by 365	(j)	\$

The amount of the surcharge you have to pay is (j).

HIGHER EDUCATION CONTRIBUTION SCHEME (HECS) COMPULSORY REPAYMENT

You do not have to provide HECS information on your tax return.

If you have an accumulated HECS debt*, and your 'HECS repayment income' (see step 1 below) is more than \$35,000, we will work out and include your compulsory HECS repayment on your notice of assessment.

If you want to work out your compulsory HECS repayment use the calculator on our website or follow the steps below.

NOTE

You will not have to make a compulsory HECS repayment if:

- you do not have to pay the Medicare levy due to low family income, or
- you are entitled to a reduction of your Medicare levy.

Part B of question **M1** on pages 101–4 shows you how to work out if you qualify for the Medicare levy reduction.

Your compulsory HECS repayment is a percentage of your HECS repayment income.

STEP 1 Work out your HECS repayment income.

Your taxable income (from TAXABLE INCOME OR LOSS on page 3 of your tax return)	(a)	\$
Your total reportable fringe benefits amounts (from item 9 on page 2 of your tax return)	(b)	\$
Net rental loss amount (from item 20 on page 11 of your tax return [supplementary section])	(c)	\$
Your HECS repayment income [add (a), (b) and (c).]	(d)	\$

Go to step 2 on the next page.

* **Accumulated HECS debt:** your debt at 1 June 2005 may include HECS semester debts, Postgraduate Education Loans Scheme (PELS) semester debts, Bridging for Overseas-Trained Professionals Loan Scheme (BOTPLS) semester debts and Open Learning Deferred Payment Scheme (OLDPS) semester debts. Only one compulsory HECS repayment will be calculated in this assessment based on your accumulated debt.

STEP 2 Find the repayment rate that applies to your HECS repayment income in the following table.

HECS REPAYMENT RATES	
HECS repayment income	Repayment rate (% of HECS repayment income)
Below \$35,001	nil
\$35,001–\$38,987	4%
\$38,988–\$42,972	4.5%
\$42,973–\$45,232	5%
\$45,233–\$48,621	5.5%
\$48,622–\$52,657	6%
\$52,658–\$55,429	6.5%
\$55,430–\$60,971	7%
\$60,972–\$64,999	7.5%
\$65,000 and above	8%

STEP 3 Multiply your HECS repayment income (from step 1) by the rate (from step 2). The result is your compulsory HECS repayment, which will be shown on your notice of assessment at **X**. If the balance of your accumulated HECS debt is less than the calculated repayment amount, you only pay the balance.

Do not write the amount you worked out at step 3 anywhere on your tax return. Use it when working out your tax refund or tax debt on page 130.

➤ For more information about repaying your HECS debt, refer to *Repaying your HECS debt* (NAT 3913). This publication is available on our website or, to find out how to get a printed copy, see the inside back cover.

! NOTE

Your HECS debt will be combined with any HELP (Higher Education Loan Programme) scheme debts that you incur from 1 January 2005 to become one accumulated HELP debt on 1 June 2006.

STUDENT FINANCIAL SUPPLEMENT SCHEME (SFSS) COMPULSORY REPAYMENT

You do not have to provide Financial Supplement loan information on your tax return.

If you have an accumulated Financial Supplement debt* and your taxable income is more than \$37,666, we will work out and include your compulsory Financial Supplement repayment in your notice of assessment.

If you want to work out your compulsory Financial Supplement repayment use the calculator on our website or follow the steps below.

STEP 1

Copy your taxable income from **TAXABLE INCOME OR LOSS** on page 3 of your tax return.

\$

STEP 2 Find the repayment rate that applies to your taxable income in the following table.

SFSS REPAYMENT RATES	
Taxable income	Repayment rate (% of taxable income)
Below \$37,667	nil
\$37,667–\$42,805	2%
\$42,806–\$59,929	3%
\$59,930 and above	4%

STEP 3 Multiply your taxable income (from step 1) by the rate (from step 2). The result is your compulsory Financial Supplement repayment, which will be shown on your notice of assessment at **R**. If the balance of your accumulated Financial Supplement debt is less than the calculated repayment amount, you only pay the balance.

Do not write the amount you worked out at step 3 anywhere on your tax return. Use it when working out your tax refund or tax debt on page 130.

➤ For more information about repaying your Financial Supplement loans taken out between 1993 and 2000, refer to *Repaying your Financial Supplement Loan* (NAT 2789). This publication is available on our website or, to find out how to get a printed copy, see the inside back cover.

* **Accumulated Financial Supplement debt:** Your debt on 1 June 2005 includes any loans taken out from 1993 to 2000. Only one compulsory Financial Supplement repayment will be calculated in this assessment based on your accumulated debt.

BABY BONUS

If you are claiming the baby bonus and you want to work out the amount, use the baby bonus calculator on our website or phone the Personal Tax Infoline (see the inside back cover).

FINAL WORKSHEET

To estimate your tax refund or debt you can use the comprehensive tax calculator on our website or complete all the steps below. If any of the amounts listed do not apply to you, write **0** in the appropriate box. Items marked with an asterisk (*) appear on the supplementary section of your tax return.

STEP 1	Tax on taxable income		
	Transfer the amount of tax you worked out on pages 121–3.	\$	A
STEP 2	Tax offsets		
	Total tax offsets claimed on page 4 of your tax return Do not include your private health insurance tax offset (G item T5 on your tax return), you show this at step 9	\$	
	Low income tax offset From page 123	\$	
	Beneficiary, senior Australians or pensioner tax offset From pages 123–4 – if you have more than one, use the one that gives you the most	\$	
	Mature age worker tax offset From page 125	\$	
	Tax offset on life insurance bonuses* From item 21 on your tax return	\$	
	Add up all your tax offsets	\$	B
STEP 3	Tax payable		
	Take B away from A . If the result is less than zero, write 0	\$	C
STEP 4	Medicare levy and Medicare levy surcharge		
	Medicare levy From pages 126–7	\$	
	Medicare levy surcharge From page 128	\$	
	Add up your Medicare levy-related amounts	\$	D
STEP 5	Total tax payable		
	Add C and D	\$	E
STEP 6	Foreign tax credits*		
	Amount at O item 19 on your tax return	\$	F
	Take F away from E . If the result is less than zero, write 0	\$	G
STEP 7	HECS and SFSS repayments		
	HECS repayments From pages 128–9	\$	
	SFSS repayments From page 129	\$	
	Add up your HECS and SFSS repayments	\$	H
STEP 8	Add G and H	\$	I

STEP 9	Tax credits and refundable tax offsets		
	Pay-as-you-go (PAYG) instalments	\$	
	Total credits from payment summaries – amounts at:		
	\$ item TOTAL TAX WITHHELD on your tax return	\$	
	E item 22* on your tax return	\$	
	Credits from tax withheld – amounts at:		
	P + A item 12* on your tax return	\$	
	G + H + J item 13* on your tax return	\$	
	D + W + E + F item 14* on your tax return	\$	
	Credits from tax file number amounts – amounts at:		
	M item 10 on your tax return	\$	
	V item 11 on your tax return	\$	
	R item 12* on your tax return	\$	
	Credit for interest on early payments – amount at:		
	L item C1* on your tax return	\$	
	Private health insurance tax offset – amount at:		
	G item T5 on your tax return	\$	
	Franking tax offset (franking credit) – amounts at:		
	U item 11 on your tax return	\$	
	Q item 12* on your tax return	\$	
	Baby bonus (see page 129)	\$	
	Add up your tax credits and refundable tax offsets	\$	J
STEP 10	Net tax payable		
	Take J away from I	\$	K

Are you entitled to a refund or do you have a tax debt?

If **K** is negative (less than zero), this is the amount of **refund due to you**. If you have any family tax benefit (FTB) debts, tax debts or outstanding child support payments, we may deduct some or all or some of them from your refund.

If **K** is positive (more than zero), this is the amount of **tax you have to pay**.

TAX OFFICE SHOPFRONTS

STOP

Lodge your tax return at the address on page 113.

PAYING YOUR TAX BILL

We do not accept payments over the counter at our shopfronts.

The various ways you can pay your tax bill are set out on the back of your notice of assessment. If you need more information, phone **1800 815 886**.

Our shopfront addresses, and mailing addresses for correspondence, are listed below. Please send correspondence to the office shown on your last notice of assessment, if you have one; otherwise send it to your nearest tax office.

If you have an enquiry, we can usually assist you faster by phone. Our phone services are listed on the inside back cover. Alternatively, you can visit our website.

If you prefer to make your enquiry in person, please phone 13 28 61 to make an appointment.

SHOPFRONTS

VICTORIA

Melbourne – Casselden Place

Level 1, 2 Lonsdale Street Melbourne
PO Box 9990 Dandenong 3175

Cheltenham

4A, 4–10 Jamieson Street Cheltenham
PO Box 9990 Dandenong 3175

Dandenong

14–16 Mason Street Dandenong
PO Box 9990 Dandenong 3175

Geelong

92–100 Brougham Street Geelong
PO Box 9990 Geelong 3220

WESTERN AUSTRALIA

Northbridge

45 Francis Street Northbridge
GPO Box 9990 Perth 6848

NORTHERN TERRITORY

Alice Springs

Jock Nelson Centre
16 Hartley Street Alice Springs
GPO Box 800 Adelaide 5001

Darwin

24 Mitchell Street Darwin
GPO Box 800 Adelaide 5001

TASMANIA

Hobart

200 Collins Street Hobart
GPO Box 9990 Hobart 7001

AUSTRALIAN CAPITAL TERRITORY

Canberra

Ground Floor Ethos House
28–36 Ainslie Avenue Canberra
GPO Box 9990 Canberra 2601

QUEENSLAND

Brisbane

280 Adelaide Street Brisbane
GPO Box 9990 Brisbane 4001

Townsville

Stanley Place
235 Stanley Street Townsville
PO Box 9990 Townsville 4810

Upper Mt Gravatt

Ground Floor Nexus Building
96 Mt Gravatt-Capalaba Road
Upper Mt Gravatt 4122
PO Box 9990 Upper Mt Gravatt 4122

SOUTH AUSTRALIA

Adelaide

91 Waymouth Street Adelaide
GPO Box 800 Adelaide 5001

NEW SOUTH WALES

Albury

567 Smollett Street Albury
PO Box 9990 Albury 2640

Chatswood

Shop 43 Lemon Grove Shopping Centre
441 Victoria Avenue Chatswood
GPO Box 9990 Sydney 2001

Hurstville

1st Floor MacMahon Plaza
14–16 Woodville Street Hurstville
PO Box 9990 Hurstville 2220

Newcastle

266 King Street Newcastle
PO Box 9990 Newcastle 2300

Sydney

Podium Level Centrepoint
100 Market Street Sydney
GPO Box 9990 Sydney 2001

Parramatta

Ground Floor Commonwealth Offices
2–12 Macquarie Street Parramatta
PO Box 422 Parramatta 2123

Wollongong

93–99 Burelli Street Wollongong
PO Box 9990 Wollongong 2500

OTHER OFFICES

Box Hill tax office

PO Box 9990
Box Hill 3128

Chermside tax office

PO Box 9990
Chermside 4032

Moonee Ponds tax office

PO Box 9990
Moonee Ponds 3039

Penrith tax office

PO Box 1400
Penrith 2740

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MORE INFORMATION

PUBLICATIONS

(including taxation rulings, practice statements and forms)

To get publications referred to in *TaxPack 2005* you have three options:

1 Visit our website www.ato.gov.au/publications

2 Phone our Publications Distribution Service **1300 720 092**

Before you phone, check whether there are other publications you may need – this will save you time and help us. For each publication you order, please quote the full title and NAT number, if any, printed in *TaxPack*.

3 Visit a Tax Office shopfront
(see page 131 for our addresses)

INFOLINES

If you have an enquiry about your tax, phone the relevant infoline below. Make sure you have *TaxPack* handy when you phone.

Our infolines are open Monday to Friday 8.00am to 6.00pm except where otherwise indicated. Our automated services are available 24 hours a day, every day of the year.

You can find a list of Tax Office infolines in your White Pages.

If you require access to your Tax Office records you will be asked to prove your identity by providing your tax file number and either details from your last notice of assessment or some personal details.

Phoning from overseas

If you are calling from overseas, phone **+61 2 6216 1111**

Phone during our business hours, 8.30am to 4.45pm (Australian Eastern Standard or daylight-Saving Time). Note that our infoline numbers may not work from all countries.

You can also fax us on **+61 2 6216 2830**

Personal Tax Infoline **13 28 61**

Phone between 8.00am and 6.00pm. Enquiries about the following subjects can be made to this service:

- tax affairs for seniors who are retired or planning to retire
- family tax benefit and baby bonus
- tax file numbers
- pay-as-you-go (PAYG), including individual activity statements
- Student loan schemes (HECS, HELP and SFSS)
- capital gains, rental income, foreign income and questions in *TaxPack 2005 supplement*
- e-tax
- your notice of assessment
- general income tax, including replacement cheque and account queries, lodgment and queries about questions in *TaxPack*.

We can offer a more personalised service if you provide a tax file number.

Binding oral advice **13 28 61**

Business Tax Infoline **13 28 66**

Complaints **13 28 70**

Freefax **1800 060 063**

EFT **1800 802 308**

For enquiries about direct deposit of your tax refund.

Family Assistance Office (FAO) **13 61 50**

Superannuation **13 10 20**

Fax **13 28 60**

Get information faxed to you about individual taxes and the repayment of debts under the student loan schemes (HECS, HELP and SFSS). Follow the instructions to order information to be faxed to you.

ATO Personal Self Help **13 28 65**

Our automated telephone service is available 24 hours a day every day, so you can:

- check the progress of your refund
- find lost superannuation
- make an arrangement to pay a tax debt
- lodge your application for a refund of franking credits
- lodge your application for a baby bonus.

To access these services you must quote your tax file number (TFN).

National Aboriginal and Islander Resource Centre **13 10 30**

The centre specialises in helping Indigenous clients with their personal tax matters.

People with a hearing, speech or vision impairment

If you have a hearing or speech impairment, see page 7.

If you have a vision impairment you can prepare your tax return or baby bonus claim on your own computer and lodge online using our e-tax software (available on our website). You need access to a personal computer and the internet. The computer will need to run a Microsoft Windows operating system and have either JAWS or Window-Eyes screen reader software installed.

The Royal Blind Society produces free tapes and compact disks of *TaxPack 2005* and *TaxPack 2005 supplement*. For copies phone:

Royal Blind Society Freecall **1800 644 885**
(your tax questions cannot be answered on this number).

To report tax evasion confidentially

Phone Freecall **1800 060 062**

Fax Freecall **1800 804 544**

Go to our website **www.ato.gov.au/reportevasion**

Mail Locked Bag 6050, Dandenong VIC 3175

If you do not speak English and need help from the Tax Office, phone the Translating and Interpreting Service (TIS) on 13 14 50. TIS staff can assist with translating and interpreting in over 100 languages. Ask them to set up a three-way conversation between you, an interpreter and a tax officer.

إذا كنت لا تتكلم الإنجليزية وتحتاج إلى مساعدة من مكتب الضرائب، اتصل بخدمة الترجمة التفسيرية والخطبة (TIS) على الرقم 13 14 50. باستضافة موظفي TIS تقديم المساعدة في الترجمة الخطبة والتفسيرية بأكثر من 100 لغة. اطلب منهم ترتيب محادثة ثلاثية الأطراف بينك وبين مترجم وموظف في مكتب الضرائب.

ARABIC

如果您不會說英語，而需要稅務局(Tax Office)的協助，請致電翻譯及傳譯服務處 (TIS)，電話13 14 50。TIS的職員可以協助超過100種語言的翻譯及傳譯工作，您可以要求他們安排您、傳譯員和稅務主任進行三方面的談話。

CHINESE

Ako ne govorite engleski i potrebna Vam je pomoć Poreznog ureda, nazovite Službu prevoditelja i tumača (Translating and Interpreting Service – TIS) na 13 14 50. TIS-ovo osoblje pomaže oko prevodenja i tumačenja na preko 100 jezika. Zamolite ih da Vam organiziraju trostruki razgovor između Vas, tumača i poreznog službenika.

CROATIAN

Εάν δεν μιλάτε Αγγλικά και χρειάζεστε βοήθεια από την Εφορία, τηλεφωνείστε στην Υπηρεσία Μεταφραστών και Διερμηνέων (TIS) στο 13 14 50. Το προσωπικό του TIS μπορεί να βοηθήσει με μετάφραση και διερμηνεία σε πάνω από 100 γλώσσες. Ζητήστε τους να κανονίσουν μια τριμερή συνομιλία ανάμεσα σε σας, ένα διερμηνέα και ένα φορολογικό υπάλληλο.

GREEK

Se non parlate inglese e vi serve assistenza dall'Ufficio delle imposte (Tax Office) telefonate al Servizio traduzioni e interpreti (TIS) al numero 13 14 50. Il personale del TIS può offrirvi assistenza linguistica in oltre 100 lingue. Chiedete che venga allestita una conversazione a 3 tra voi, un interprete e un funzionario delle imposte.

ITALIAN

国税庁へのお問い合わせに通訳をご必要とされる方は、翻訳・通訳サービス (TIS - 電話番号: 13 14 50) をご利用ください。TIS は、100 種類以上の言語における翻訳および通訳サービスを提供いたしております。ご本人と通訳、税務官の三者間で会話を行うことができますので、ご希望の方はその旨お伝えください。

JAPANESE

세무서에 용무가 있으나 영어로 소통이 안되는 분은 13 14 50 의 번역 통역 서비스(TIS)로 전화하십시오. TIS 직원들은 100 여 개의 언어를 번역 또는 통역하는 데 도움을 드릴 수 있습니다. TIS 직원에게 귀하와 통역사와 세무직원 간에 삼자통화를 할 수 있도록 요청하십시오.

KOREAN

Ако не зборувате добро англиски и ви треба помош од Даночната управа (Tax Office), телефонирајте во Службата за писмено и усмено преведување (Translating and Interpreting Service – TIS) на 13 14 50. Персоналот од Службата за писмено и усмено преведување може да ви помогне со преводи на над 100 јазици. Побарајте да воспостават тројна врска за разговарање меѓу вас, преведувачот и даночниот службеник.

MACEDONIAN

اگر به ڪمڪ اداره ماليات نياز داريد ولي انگليسي حرف نميژنيد، به سرويس ترجمه کتبي و شفاهي (TIS) شماره 13 14 50 تلفن کنيد. کارمند ان TIS می توانند با ترجمه کتبی و شفاهی در بیش از 100 زبان مختلف به شما کمک کنند. از آنها بخواهید که به یک مکالمه سه طرفه بین شما، یک مترجم و یک کارمند اداره مالیات برقرار کنند.

PERSIAN

Если вы не говорите по английски, и вам нужна помощь Налогового управления, звоните в переводческую службу TIS по телефону 13 14 50. Сотрудники TIS помогут вам с переводом на более чем 100 языках. Просите их организовать 3-стороннюю беседу с участием вас, переводчика и сотрудника налогового управления.

RUSSIAN

Ako ne govorite engleski i potrebna vam je pomoć od Poreske uprave, nazovite Službu za prevođenje i tumačenje (Translating and Interpreting Service (TIS)) na 13 14 50. Osoblje TIS-a može da vam помогне са преводњем и тумачењем на преко 100 jezika. Тражите од њих да организују тросмерни разговор између вас, тумача и пореског службеника.

SERBIAN

Si usted no habla inglés y necesita ayuda de la Oficina de Impuestos, llame al Servicio de Interpretación y Traducción (TIS) al 13 14 50. El personal de TIS puede ayudar proveyendo interpretación y traducción en más de 100 idiomas. Pídale que establezcan una conversación de 3 líneas entre usted, un intérprete y un funcionario de impuestos.

SPANISH

İngilizce konuşamıyorsanız ve Vergi Dairesi'nden yardıma ihtiyacınız varsa, 13 14 50 numaralı telefonda Yazılı ve Sözlü Çeviri Servisi'ni (TIS) arayınız. TIS görevlileri 100'den fazla dille yazılı ve sözlü çevirilerde yardımcı olabilir. Onlardan siz, bir tercüman ve bir vergi memuru arasında bir 3'lü görüşme ayarlamalarını isteyiniz.

TURKISH

Nếu như quý vị không nói được tiếng Anh và cần Sở Thuế (Tax Office) giúp đỡ, hãy gọi điện thoại cho Dịch vụ Thông Ngôn và Phiên Dịch (Tranlating and Interpreting Service - TIS) qua số điện thoại 13 14 50. Các nhân viên TIS có thể giúp thông dịch và phiên dịch trong hơn 100 thứ tiếng khác nhau. Hãy nhờ TIS nói đường dây đàm thoại 3-chiều giữa quý vị, một thông dịch viên và một nhân viên thuế vụ.

VIETNAMESE

Tax Help

If you want to complete your own tax return or your claim for a refund of franking credits but think you may need some assistance, then Tax Help may be the answer.

We train and support this network of community volunteers to help taxpayers.

Tax Help is a free and confidential service for people on low incomes.

See page 19 in *TaxPack 2005* for more information—including the Tax Help phone number.

Blind or vision impaired

The Tax Office and the Royal Blind Society have tax time products for people who are blind or vision impaired.

The Tax Office's electronic application, e-tax, is compatible with common screen-reader software. Using e-tax, you can do your tax return on your own computer and lodge over the internet.

The Society produces free tapes and compact disks of *TaxPack 2005* and *TaxPack 2005 supplement*.

See the inside back cover for more details.