



EXPLANATORY NOTES FOR THE LIFE INSURANCE COMPANIES TAXATION SCHEDULE 2016

INTRODUCTION

These instructions will help you complete the *Life insurance companies taxation schedule 2016*. They are **not** a guide to the income tax law.

The schedule is to be completed by:

- a life insurance company; or
- the head company of a consolidated group that includes at least one member that is a life insurance company [see section 713-505 of the *Income Tax Assessment Act 1997* (ITAA 1997) 'Head company treated as a life insurance company']

which derived income from the complying superannuation asset and/or segregated exempt asset classes.

For a consolidated group, the single entity rule is to be disregarded for certain purposes when working out the amounts that are shown on this schedule. See section 713-510A of the ITAA 1997 for more information.

1 INCOME – SEGREGATED EXEMPT ASSETS (SEA)

Ordinary and statutory income (other than premiums)

If the life insurance company or the head company of a consolidated group derived income from SEA, write at the total of all ordinary and statutory income, less the premium income that is included at **B**.

Premiums – exempt life insurance policies

Write at **B** the total amount of gross premiums received from exempt life insurance policies.

2 ASSESSABLE INCOME

Premiums from accident and disability and term policies

Write at **C** the total amount of gross premiums received from:

- accident and disability policies (including continuous disability policies)
- term policies
- the value of assets (including money) relating to the 'risk rider' component of life insurance premiums transferred from the complying superannuation asset pool under subsections 320-180(1) and 320-195(3) of the ITAA 1997.

Premiums – other life insurance policies

Write at **D** the total amount of gross premiums received from all life insurance policies for the ordinary class except for the amounts included at **B**, **C** and **E**.

Write at **E** for the complying superannuation class the total amount of gross premiums received from complying superannuation life insurance policies.

Total ordinary income – ordinary class

Write at **F** the assessable income of the ordinary class that is income according to ordinary concepts. This includes premiums included at **C** and **D**.

For a consolidated group, the head company includes at **F** the assessable income that is income according to ordinary concepts for all members of the consolidated group, except for the ordinary income of the complying superannuation class of any life insurance company which is a member of the consolidated group.

Total assessable income – complying superannuation class

Write at **G** the assessable income that is allocated to the complying superannuation class under subsection 320-137(2) of the ITAA 1997. The total assessable income includes both income according to ordinary concepts and statutory income.

The total assessable income of the complying superannuation class also includes transfers to the complying superannuation asset pool, as stated in **Transfers to complying superannuation asset pool** on the next page of these instructions. The amount shown at **G** must include the amount of these transfers.

TOFA gains in Total ordinary income – ordinary class and Total assessable income – complying superannuation class

If the life insurance company had financial arrangements which resulted in assessable TOFA gains, then:

- write at **U** the amount of assessable TOFA gains of the ordinary class that are income according to ordinary concepts included at **F**; for a consolidated group, the head company includes the amount for all members of the consolidated group that are included at **F**
- write at **T** the amount of assessable TOFA gains of the complying superannuation class included at **G**.

3 ALLOWABLE DEDUCTIONS

Tax losses claimed – ordinary class

Write at **I** the amount of tax losses of the ordinary class claimed as a deduction under subdivision 36-A of the ITAA 1997.

For a consolidated group, the head company includes at **I** the amount of tax losses of the ordinary class claimed as a deduction under subdivision 36-A of the ITAA 1997 by the consolidated group.

The life insurance company may need to complete a *Losses schedule 2016* (NAT 3425). See its instructions for more information.

Complete the *Losses schedule 2016* with tax losses of the ordinary class and all other relevant items.

For a consolidated group, the head company may need to complete a *Consolidated groups losses schedule 2016* (NAT 7888). See its instructions for more information.

In the *Consolidated groups losses schedule 2016*, show tax losses of the ordinary class at item **3 Tax losses utilised** in part A, and all other relevant items.

Tax losses claimed – complying superannuation class

Write at **H** the amount of tax losses of the complying superannuation class claimed as a deduction in accordance with section 320-141 of the ITAA 1997.

The life insurance company may need to complete either a *Losses schedule 2016* (NAT 3425) or a *Consolidated groups losses schedule 2016* (NAT 7888). See their instructions for more information.

In the losses schedule (i.e. *Losses schedule 2016* or *Consolidated groups losses schedule 2016*):

- do not show any tax losses claimed in the complying superannuation class, but
- show the following in part D of the losses schedule:
 - complying superannuation class tax losses carried forward to later income years
 - complying superannuation class net capital losses carried forward to later income years.

Total allowable deductions – ordinary class

Write at **J** the total allowable deductions for the ordinary class. For a consolidated group, the head company includes at **J** the total allowable deductions for the ordinary class for all members of the consolidated group.

This label is the total allowable deductions of the life insurance company or the consolidated group, less the total allowable deductions of the complying superannuation class. The total allowable deductions of the ordinary class also includes transfers to the complying superannuation asset pool and SEA as stated in:

- Transfers to complying superannuation asset pool
- Transfers to SEA

in the next column of these instructions.

Total allowable deductions – complying superannuation class

Write at **K** the total allowable deductions for the complying superannuation class. This includes:

- deducted tax losses of the complying superannuation class determined in accordance with section 320-141 of the ITAA 1997
- deductions other than tax losses determined in accordance with subsection 320-137(4) of the ITAA 1997.

4 TAXABLE INCOME OR LOSS

Taxable income or loss

Write at **L** the taxable income or loss in the ordinary class. For a consolidated group, this is the taxable income or loss in the ordinary class of the consolidated group.

If the life insurance company has a tax loss in the ordinary class, print **X** in the box at the right of the amount at label **L**.

Write at **M** the taxable income or loss in the complying superannuation class (that is, label **G** less label **K**).

If the life insurance company has a tax loss in the complying superannuation class, print **X** in the box at the right of the amount at label **M**.

5 TRANSFERS

Transfers to complying superannuation asset pool

Write at **N** the transfer value of assets (including money) transferred by the life insurance company to the complying superannuation asset pool under subsections 320-180(3) and 320-185(1) of the ITAA 1997.

Transfers from complying superannuation asset pool

Write at **O** the following amounts:

- the transfer value of assets (including money) transferred by the life insurance company from the complying superannuation asset pool under subsection 320-180(1) of the ITAA 1997
- assets transferred (including money) under subsection 320-195(3) of the ITAA 1997 having a total transfer value equal to the following:
 - all fees from investment-linked policies
 - policy fees and administration fees from other than investment-linked policies
 - premium-based fees from other than investment-linked policies.

Do not include the value of assets (including money) relating to the 'risk rider' component of life insurance premiums transferred from the complying superannuation asset pool under subsections 320-180(1) or 320-195(3) of the ITAA 1997.

Transfers to SEA

Write at **P** the transfer value of assets (including money) transferred to the life insurance company's SEA under subsections 320-235(3) and 320-240(1) of the ITAA 1997.

Transfers from SEA

Write at **Q** the following amounts:

- the transfer value of assets (including money) transferred from the life insurance company's SEA under subsection 320-235(1) of the ITAA 1997
- assets (including money) transferred under subsection 320-250(2) of the ITAA 1997 having a total transfer value equal to the following:
 - all fees from investment-linked policies
 - policy fees and administration fees from other than investment-linked policies
 - premium-based fees from other than investment-linked policies.

6 EXPLORATION CREDIT TAX OFFSET

Write at **R** the total exploration credit tax offsets allowance under section 418-15 of the ITAA 1997.

TAXPAYER'S DECLARATION

If you do not lodge this schedule with your tax return, you must sign and date the schedule.

Include in the declaration a signature, date, name and telephone number for the public officer.

HELP IN COMPLETING THIS SCHEDULE

If you need help to complete this schedule, contact Rama Ayappah at the ATO on **(02) 9374 8910**.



To be completed by:

- a life insurance company or
- the head company of a consolidated group that includes at least one member that is a life insurance company which derived income from the complying superannuation and/or segregated exempt asset classes.

WHEN COMPLETING THIS FORM

■ Print clearly in BLOCK LETTERS using a black pen only.

S M I T H S T

■ Place in ALL applicable boxes.

Tax file number (TFN)

Australian business number (ABN)

Name of entity

Contact name

Daytime contact number (include area code)

Is the entity a consolidated head company? No Yes

1 Income – segregated exempt assets (SEA)

Ordinary and statutory income (other than premiums) **A** \$,,, ~~·X~~

Premiums – exempt life insurance policies **B** \$,,, ~~·X~~

2 Assessable income

Ordinary class

Complying superannuation class

Premiums from accident and disability and term policies **C** \$,,, ~~·X~~

Premiums – other life insurance policies **D** \$,,, ~~·X~~

E \$,,, ~~·X~~

Total ordinary income **F** \$,,, ~~·X~~

Total assessable income **G** \$,,, ~~·X~~

TOFA gains **U** \$,,, ~~·X~~
 (in F above)

T \$,,, ~~·X~~
 (in G above)

3 Allowable deductions

Tax losses claimed **I** \$,,, ~~·X~~

H \$,,, ~~·X~~

Total allowable deductions **J** \$,,, ~~·X~~

K \$,,, ~~·X~~

4 Taxable income or loss

Taxable income or loss **L** \$,,, ~~·X~~ / ^{LOSS}

M \$,,, ~~·X~~ / ^{LOSS}
 (G less K)

5 Transfers

Transfers to complying superannuation asset pool **N** \$,,,.XX

Transfers from complying superannuation asset pool **O** \$,,,.XX

Transfers to SEA **P** \$,,,.XX

Transfers from SEA **Q** \$,,,.XX

6 Exploration credit tax offset

Exploration credit tax offset **R** \$,,,.XX

Taxpayer's declaration

If the schedule is not lodged with the income tax return you are required to sign and date the schedule.

Important

Before making this declaration check to ensure that all the information required has been provided on this form, and that the information provided is true and correct in every detail. If you are in doubt about any aspect of the form, place all the facts before the ATO. The income tax law imposes heavy penalties for false or misleading statements.

Privacy

Taxation law authorises the ATO to collect information and disclose it to other government agencies. This includes personal information of the person authorised to sign the declaration. For information about your privacy go to ato.gov.au/privacy

Declaration:

I declare that the information on this form is true and correct.

Public officer's signature

Date ^{Day} / ^{Month} / ^{Year}

Public officer's name

Daytime contact number (include area code)