INDIVIDUALS	RETIREES	INSTRUCTIONS	NAT 2596–6.2006
SEGMENT	AUDIENCE	FORMAT	PRODUCT ID

Australian Government
Australian Taxation Office

Retirees TaxPack 2006

To help you complete your retirees tax return for 1 July 2005 – 30 June 2006

Why not lodge online?

You don't need to use *Retirees TaxPack 2006* if you have access to the internet – for a fast, secure and easy way to do your tax, use e-tax, available seven days a week at **www.ato.gov.au**

Most e-tax returns are processed within 14 days.

Can you use *Retirees TaxPack 2006*?

See page 2.

Lodge your tax return by 31 October 2006.

COMMISSIONER'S GUARANTEE

Retirees TaxPack 2006 has been prepared to help you complete your tax return correctly. Within the self-assessment system, the Tax Office works to provide you with the assistance necessary to understand your obligations, and to make it as easy as possible for you to comply.

We put a lot of effort into ensuring *Retirees TaxPack 2006* is right. I ask simply that you take the time and make the effort to follow our guidance.

I offer you the following assurances if you follow our instructions in *Retirees TaxPack 2006*:

- We do not expect you to know more than what we have presented to you in *Retirees TaxPack* and its related publications.
- If we state the tax law incorrectly in *Retirees TaxPack* and as a result you do not pay enough tax:
  - we won't ask you to pay the missing tax
  - we won't charge you interest on that missing tax
  - we won't charge you a penalty.
- If any other part of *Retirees TaxPack* is wrong or misleading and as a result you do not pay enough tax:
  - we may ask you to pay the missing tax
  - we won't charge you interest on that missing tax
  - we won't charge you a penalty.
- If you make an honest mistake and as a result you do not pay enough tax, my staff will accept that you have honestly described your tax affairs:
  - we will ask you to pay the missing tax
  - we may ask you to pay interest
  - we won't charge you a penalty.

Naturally, if you don't follow our instructions in *Retirees TaxPack* when you prepare your tax return you are not covered by these assurances.

Following our instructions in *Retirees TaxPack 2006* means you must:

- act reasonably and in good faith
- have on hand all your necessary documentation and records for the 2005–06 income year (1 July 2005 to 30 June 2006)
- 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
- complete the Medicare levy surcharge item (question **27**) – it applies to all taxpayers
- be aware of the Index at the back of *Retirees TaxPack* – it can help you to find information that is relevant to your circumstances, and
- use the checklist on page 78 before you lodge your tax return.

Michael D'Ascenzo

Michael D'Ascenzo Commissioner of Taxation

CONTENTS

DATES TO REMEMBER

- **2005–06 income year** – 1 July 2005 to 30 June 2006
- **31 October 2006** – due date for lodgment of your **tax return**, unless you have been given a deferral of time to lodge it or it is prepared by a registered tax agent
- **21 November 2006** – the earliest date any tax payable will be due.

If your tax return is lodged on time, any tax payable will be due on the later of 21 days after you receive your notice of assessment or 21 days after your tax return was due to be lodged.

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Thanks to the staff of the Tax Office, tax professionals and members of the community who contributed to *Retirees TaxPack 2006*.

Information

YOU NEED TO KNOW

INFORMATION

- *Retirees TaxPack 2006* is a guide to help you complete the *Tax return for retirees 2006*.
- There are two copies of the *Tax return for retirees 2006* at the back of this publication. We have also provided an envelope you can use to lodge your tax return.
- You can get extra copies of *Retirees TaxPack 2006* from Tax Office shopfronts or by phoning our Personal Tax Infoline (see the inside back cover).
- Please note that you cannot lodge the *Tax return for retirees 2006* electronically through e-tax. If you wish to lodge electronically, you can use e-tax to prepare and lodge the *Tax return for individuals 2006*.

> **NOTE**
>
> The ***TAX****PACK****EXPRESS*** service is no longer available. If you lodged your tax return using ***TAX****PACK****EXPRESS*** in previous years, we recommend you use e-tax. In most cases, tax refunds are issued within 14 days.

CAN YOU USE *RETIREES TAXPACK 2006*?

To be able to use *Retirees TaxPack 2006* to fill in your tax return, you must meet the following **four conditions**:

Condition 1

You were an Australian resident for tax purposes from 1 July 2005 to 30 June 2006.

You are 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 for more than half of 2005–06 – 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.

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

Condition 2

You had no dependants, other than a spouse, during the period 1 July 2005 to 30 June 2006.

Condition 3

ALL of your tax affairs are covered by the questions in *Retirees TaxPack 2006* (see list on page 6) and none of your tax affairs are covered by any of the questions listed on page 7.

Condition 4

ALL the following statements apply to you:

- You **did not** receive a distribution of a capital gain from a trust including a managed investment fund in 2005–06.
- You **did not** receive distributions from a corporate limited partnership, or deemed dividends from a private company.
- You **do not** want to claim a foreign tax credit. (You would want to claim a foreign tax credit if you had a foreign pension or annuity from which tax had been taken.)
- You **do not** want to claim a deduction for interest or other debt you incurred in relation to a foreign pension or annuity.
- You **did not** have a lump sum foreign pension payment for an earlier year.
- You **did not** have exempt overseas employment income and $1 or more of other income.
- You **did not** pay foreign tax on a foreign capital gain.
- You **do not** want to claim the 30% child care tax rebate.

OTHER WAYS TO PREPARE YOUR TAX RETURN

If you do not meet all the four conditions above, you cannot use *Retirees TaxPack 2006* because the shortened material does not cover all of your tax affairs. You need to use either:

- e-tax – to prepare and lodge the *Tax return for individuals 2006* electronically (see pages 5 and 8 for more information), or
- *TaxPack 2006* – and you may also need *TaxPack 2006 supplement* (see page 7 for more information).

> **NOTE**
>
> *TaxPack 2006* and *TaxPack 2006 supplement* are available from most newsagents during the lodgment period (1 July to 31 October 2006). Copies are also available all year from our Publications Distribution Service (see the inside back cover) and shopfronts.
>
> Even if you meet all the conditions and are able to use *Retirees TaxPack 2006*, you may not need to lodge a tax return (see below).

DO YOU NEED TO LODGE A 2006 TAX RETURN?

There are a number of reasons you may have to lodge a tax return for the 2005–06 income year (1 July 2005 to 30 June 2006). 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 need to read any further on this page. Go to page 5.
- don't find a reason that applies to you, you may need to submit a *Non-lodgment advice 2006*. See the next page to find out if you need to complete one.

Reason 1

You were eligible for the senior Australians tax offset.

(If you are unsure, pages 53–4 provide information on eligibility for this tax offset.)

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

- **$21,968** – if you were single, widowed or separated at any time during the year
- **$21,167** – if you had a spouse but one of you lived in a nursing home or you had to live apart due to illness
- **$18,247** – if you lived with your spouse for the full year.

Reason 2

You received an Australian Government pension, allowance or payment listed at question 1 on page 16 but you were not eligible for the senior Australians tax offset.

You need to lodge if:

- you received a payment AND your taxable income was more than the following relevant amount:
  - **$19,583** – if you were single, widowed or separated at any time during the year
  - **$18,663** – if you had a spouse but one of you lived in a nursing home or you had to live apart due to illness
  - **$16,376** – if you lived with your spouse for the full year.

Reason 3

Reasons 1 and 2 do not apply but you received or earned income.

You need to lodge if your taxable income exceeded **$6,000** and you were an Australian resident for tax purposes for the full year.

Other reasons

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

- you had amounts of tax withheld from income you received or earned
- you paid an amount under the pay as you go (PAYG) instalment system during the year
- 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 **23** on pages 62–3
- you made personal contributions to a complying superannuation fund or retirement savings account and will be eligible to receive a Super Co-contribution in relation to those contributions
- you received income from dividends or distributions exceeding $6,000 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.

Deceased estate

If you are looking after the estate of someone who died during 2005–06, consider the above points on their behalf. If a tax return is not required, complete the *Non-lodgment advice 2006* on the next page and send it to the Tax Office. If a tax return is required, see page 12 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 2005–06 you may be able to claim a refund of this franking credit without lodging a tax return.

The publication *Refund of franking credits instructions and application for individuals 2006* (NAT 4105–6.2006) has more information about the conditions that apply and how you can claim your franking credit. It is available on our website or to find out how to get a printed copy, see the inside back cover.

INFORMATION

If you do not need to lodge a tax return

If you do not need to lodge a tax return, you should complete the form below 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 an application for a refund of franking credits for 2006.
- Your only income was from a pension, allowance or payment listed at question **1** on page 16 and your taxable income was less than the relevant amount in **Reason 1** (if you are eligible for the senior Australians tax offset) or **Reason 2**. (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 **2006**

1 July 2005 to 30 June 2006

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

Your tax file number

The Tax Office is authorised by the *Taxation Administration Act 1953* to request you to quote your tax file number (TFN). It is not an offence not to quote your TFN. However, your TFN helps the Tax Office to correctly identify your tax records.

Your date of birth DAY MONTH YEAR

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 Read on.

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 daytime phone number – 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 2006 because none of the reasons listed on page 3 in *Retirees TaxPack 2006* 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. See the privacy information on page 82.

Signature

Date DAY MONTH YEAR

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

Use the pre-addressed envelope provided with *Retirees TaxPack 2006* to send your non-lodgment advice to the Tax Office by 31 October 2006. If you are not using the pre-addressed envelope, see page 79 for more information and the address to use.

e-tax from the Tax Office

- Free, easy to use, safe and secure
- Most refunds within 14 days
- Tax debts not due before 21 November

This year it will be even easier.

- Access your Medicare tax information online.
- Download your Centrelink payment summary.

e-tax is easy to use – 1.35 million people agree.

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

You can use *Retirees TaxPack 2006* to fill in your tax return if the questions in *Retirees TaxPack 2006* are the only questions that apply to you.

These questions cover the following:

Income

1 Australian Government pensions and allowances
2 Other Australian pensions or annuities – including superannuation pensions
3 Foreign source pension or annuity income
4 Salary, wages, allowances, earnings etc
6 Total reportable fringe benefits amounts
7 Gross interest
8 Dividends – NOT including distributions made by a corporate limited partnership and deemed dividends from a private company
9 Capital gains – NOT including distributions of capital gains by a trust or managed investment fund

Deductions

11 Subscriptions
12 Interest and dividend deductions
13 Gifts or donations
14 Deductible amount of undeducted purchase price of an Australian pension or annuity
15 Deductible amount of undeducted purchase price of a foreign pension or annuity
16 Cost of managing tax affairs

Tax offsets

19 Spouse – married or de facto
20 Senior Australians (including age pensioners, service pensioners and self-funded retirees)
21 Pensioner
22 Superannuation annuity and pension
23 Private health insurance rebate
24 20% tax offset on net medical expenses over the threshold amount

Medicare levy related items

26 Medicare levy reduction or exemption
27 Medicare levy surcharge – **this item is compulsory for all taxpayers**.

STOP

You **cannot use** *Retirees TaxPack 2006* to complete your tax return if you are claiming
- family tax benefit (FTB) through the tax system
- the baby bonus, or
- the 30% child care tax rebate.

See **Other ways to prepare your tax return** on page 2 for alternative ways of preparing your tax return.

DOES THE CAPITAL GAINS TAX (CGT) QUESTION APPLY TO YOU?

You may not be aware that question **9 Capital gains** applies to your circumstances. The following information is provided as a general guideline to help you work out if you need to complete item **9**.

Capital gains or capital losses

You generally make a capital gain or capital loss if a CGT event happens to you. You can also make a capital gain if you have an investment in a managed fund or other trust and you are entitled to a share of a capital gain made by the trust.

The most common CGT event happens if you dispose of an asset to someone else – for example, you sell it or give it away. CGT assets include real estate, shares in a company and units in a unit trust.

Here are examples of other common CGT events:
- An asset you owned was lost or destroyed.
- An asset (such as shares you owned) was cancelled, surrendered or redeemed.
- A liquidator or administrator declared that shares you owned were worthless.
- You received an amount in respect of a share or trust interest that was not income and was not for the disposal of the share or trust interest (known as a 'return of capital' or 'non-assessable payment').
- You ceased to be an Australian resident.

Remember, e-tax can help you work out if you have a capital gain or capital loss. It also has a calculator that may help you work out the amount of any capital gain or capital loss you have made. For more information on using e-tax to complete and lodge your tax return electronically, see page 8 or visit our website at **www.ato.gov.au**

WHAT'S **NOT** IN *RETIREES TAXPACK 2006*

The following questions are not included in *Retirees TaxPack 2006*. If any of them apply to you, you cannot complete your tax return using *Retirees TaxPack 2006* – see **Other ways to prepare your tax return** on page 2 for alternative ways of preparing your tax return.

TAXPACK 2006

Income

- Lump sum payments
- Eligible termination payments (ETP)
- Australian Government allowances and payments like Newstart, youth allowance and austudy
- Attributed personal services income
- Dividends – distributions received from a corporate limited partnership and deemed dividends from a private company

Deductions

- Work-related car expenses
- Work-related travel expenses
- Work-related uniform, occupation-specific or protective clothing, laundry and dry-cleaning expenses
- Work-related self-education expenses
- Other work-related expenses (Subscriptions are included in *Retirees TaxPack 2006*.)
- Low-value pool deduction

Losses

- Tax losses of earlier income years

Tax offsets

- Child-housekeeper or housekeeper
- 30% child care tax rebate
- Baby bonus

Adjustments

- Under 18 income
- Part-year tax-free threshold

TAXPACK 2006 SUPPLEMENT

Income

- Partnerships and trusts
- Personal services income
- Net income or loss from business
- Deferred non-commercial business losses
- Net farm management deposits or withdrawals
- Capital gains – distributions of capital gains by a trust or managed investment fund
- Foreign entities
- Foreign source income and foreign assets or property (Foreign source pensions and annuities are included in *Retirees TaxPack 2006*.)
- Rent
- Bonuses from life insurance companies and friendly societies
- Other income – for example, royalties and lump sum payments in arrears

Deductions

- Australian film industry incentives
- Non-employer sponsored superannuation contributions – generally for the self-employed
- Deduction for project pool
- Other deductions – for example, foreign exchange losses and sickness and accident insurance premiums or deductions not claimable elsewhere on your tax return

Tax offsets

- Superannuation contributions on behalf of your spouse
- Zone or overseas forces
- Parent, spouse's parent or invalid relative
- Landcare and water facility
- Other tax offsets – for example, heritage conservation work

Adjustments

- Amount on which family trust distribution tax has been paid

Credit for interest on tax paid

- Credit for interest on early payments – amount of interest

DO YOU WANT TO LODGE YOUR TAX RETURN ELECTRONICALLY?

You can use e-tax to lodge your tax return over the internet. e-tax is available free from the Tax Office – see pages 5 and 8 for more information.

The ***TAX****PACK****EXPRESS*** service is no longer available. If you lodged your tax return using ***TAX****PACK****EXPRESS*** in previous years, we recommend you use e-tax. In most cases, tax refunds are issued within 14 days.

WHAT ARE YOUR CHOICES FOR DOING YOUR TAX RETURN?

YOU CAN DO YOUR TAX RETURN YOURSELF USING *RETIREES TAXPACK 2006*

Just follow the instructions on the following pages. Make sure you lodge your tax return by 31 October 2006.

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 quickly and securely using the internet. Using 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 2006. Visit our website and lodge your tax return online via e-tax.

> **NOTE**
> You cannot lodge the *Tax return for retirees 2006* electronically through e-tax. However, if you wish to lodge electronically you can use e-tax to lodge the *Tax return for individuals 2006*.

MAKING IT EASIER TO COMPLY

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

- providing a short tax return that can be lodged over the phone or by mail. We would have sent you a short tax return pack if you are eligible to use it
- expanding our online lodgment service, e-tax. For example, linking e-tax to:
  - Medicare Australia (previously Health Insurance Commission) medical expenses information
  - Centrelink payment summary information
- providing calculators and decision tools to help you
- providing a personal tax record keeper that will help you keep your tax records for the year.

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 on your tax return.

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.

> **NOTE**
> Even if a family member or friend helps you to prepare your tax return, you must sign it yourself and you are still legally responsible for the accuracy of the information on the tax return. See **Self-assessment – it's your responsibility** on page 10.

Tax Help community volunteers

Tax Help is a network of community volunteers, trained to help people prepare their tax returns 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 17 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 tax 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 2006.

Signing your tax return

You must sign and date the *Taxpayer's declaration* on page 6 of your tax return to confirm that the information on your tax return is true and correct.

If a registered tax agent prepares your tax return, you must also sign a declaration stating that:

- you have authorised the agent to lodge your tax return, and
- the information you provided to the agent for the preparation of your tax return is true and correct.

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

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 *Retirees TaxPack 2006*.

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 *Retirees TaxPack* 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 *Retirees TaxPack* handy. See the inside back cover for the correct 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 pages 95–6.

Hearing, speech, or vision impairment

If you have a hearing or speech impairment and use a TTY or modem, phone the **National Relay Service** **13 36 77**

For 1800 free call numbers, phone and quote the number you require **1800 555 677**

If you have a speech impairment and do not use a TTY or modem, phone the **Speech to Speech Relay Service** **1300 555 727**

For 1800 free call numbers phone and quote the number you require **1800 555 727**

If you have a vision impairment you can prepare your tax return 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.

Vision Australia produces free audio tapes and compact discs of *Retirees TaxPack 2006*.
For copies phone:
Vision Australia **FREECALL 1800 644 885**
(your tax questions cannot be answered on this number).

YOU CAN ASK FOR A RULING

Private rulings

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, either contact us or complete a *Private ruling application form (non-tax professionals)* (NAT 13742) which is available on our website.

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 them, we edit the text to ensure we do not publish information that identifies you.) For more information, see *How to apply for a private ruling* (NAT 9188) which is available on our website.

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 your ruling to you.

Oral rulings

You can apply for an oral ruling from the Tax Office over the phone on a simple non-business tax enquiry that relates specifically to your own tax affairs or to the tax affairs of someone for whom you are the legal personal representative. An oral ruling is binding on the Tax Office in much the same way as a private ruling.

To be eligible for an oral ruling you must meet certain conditions. Your enquiry must be about a simple non-business related income tax matter 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 an oral ruling by asking you a series of questions. If you receive an oral ruling we will provide you with a receipt number for your ruling.

To get further information or to apply for an oral ruling phone the Personal Tax Infoline (see the inside back cover).

SELF-ASSESSMENT – IT'S YOUR RESPONSIBILITY

Under our system of self-assessment we prepare *Retirees TaxPack 2006* and our other tax-time publications annually to give you 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 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, correcting an error you may have made adding up your figures. However, we do not check everything on your tax return before issuing your notice of assessment.

We may not initially adjust any claims you make on your tax return. We do not take responsibility for checking that details on your tax return 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, we are generally allowed a period of two years (depending on your circumstances – see **Amendment period** below) to review a tax return and if necessary 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 else 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 tax return unless the authority has already been lodged with us.

If, after lodging your tax return, you believe you have made a mistake, see page 80 to find out what to do.

AMENDMENT PERIOD

If you are among the majority of taxpayers, your income tax affairs for a particular income year will be considered finalised two years after the Commissioner issues your notice of assessment. (For more information, go to **ato.gov.au/notices**). However, some taxpayers will have a four-year amendment period.

Generally, you will have a four-year amendment period if:

- you carried on a business and you are not a simplified tax system (STS) taxpayer for that year
- you received partnership income (from a partnership that was carrying on a business) or a trust distribution where the partnership or trust was not an STS taxpayer for that year
- you acted in the capacity of a trustee of a trust in that year and the trust was not an STS taxpayer
- any person entered into or carried out a scheme with the dominant purpose of obtaining for you a benefit in relation to income tax.

KEEP YOUR RECORDS

You need to keep records:

- to provide written evidence of your income and expenses
- to help you or your tax agent prepare your tax return
- to ensure that you are able to claim all your entitlements, and
- in case we ask you to prove the information you provided on your tax return.

You must keep most of your written evidence for five years from the date you lodge your tax return. If you have acquired or disposed of an asset, or are in dispute with the Tax Office, you must keep the records longer, as follows:

assets: five years after the capital gains tax event happened for which those records will be needed to work out a capital gain or capital loss

dispute with the Tax Office: five years from the date you lodged your tax return, or when the dispute is settled, whichever is later.

You only need to keep your payment summary for two years if you are an Australian resident and have simple tax affairs. To check whether you qualify for this shorter record-keeping period, refer to our website.

GIFTS TO POLITICAL PARTIES AND INDEPENDENTS (QUESTION 13)

At the time of printing *Retirees TaxPack 2006* there was legislation before Parliament which changes the rules regarding deductibility of contributions to registered political parties and to independent members of (or candidates for) an Australian parliament or legislative assembly.

Read question **13** on pages 39–42 for more information.

DUE DATE FOR LODGING

LODGE YOUR TAX RETURN BY 31 OCTOBER 2006

You have from 1 July to 31 October 2006 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 2005–06 personal income tax liability is 21 November 2006. If you lodge your own tax return by 31 October 2006, your tax is payable by the date specified on your notice of assessment.

If you lodge your tax return late, or not at all, any tax payable will be due on 21 November 2006 and a general interest charge will be calculated from that date until full payment is received. In addition, a penalty for failure to lodge on time may be applied (see **Failure to lodge on time penalty** in the next column).

Before you lodge your tax return, make sure you have read **Self-assessment – it's your responsibility** on the previous page.

IF YOU CANNOT LODGE BY 31 OCTOBER 2006

If you cannot lodge by 31 October 2006 due to circumstances beyond your control, contact us as soon as possible – and certainly before 31 October 2006 – to find out if you can lodge at a later date. Phone our Personal Tax Infoline (see the inside back cover) or send a written request to the address that appeared on your notice of assessment for the year ending 30 June 2005, if you have one, or to your nearest tax office (addresses are listed on pages 95–6). 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 **Late, lost or wrong payment summaries** on page 22 for information on what you should do.

FAILURE TO LODGE ON TIME PENALTY

We may impose 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:
- you lodge your tax return voluntarily, and
- no tax is payable.

We are likely to apply the penalty if:
- you have more than one tax return outstanding
- 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 do not pay any tax amount outstanding after the due date.

IF YOU NEED MORE HELP, VISIT OUR WEBSITE

You can visit our website for more information on anything that you read in *Retirees TaxPack 2006*.

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

The Tax Office requires the information you provide on page 1 of your *Tax return for retirees 2006* 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 the 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, you can find it 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 the form *Tax file number application or enquiry for an individual* (NAT 1432–7.2006).

You will need to provide original, unaltered documents that prove your identity with your application. You will find a list of acceptable proof of identity documents on the application.

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 2006–07)
- your only source of income in the future will be an Australian Government pension
- you will become eligible for the senior Australians tax offset in the income year 2006–07 and your taxable income is below the threshold for lodging a tax return this year (for threshold levels and eligibility for 2005–06, see pages 2 and 53–4), or
- you are moving overseas permanently.

DECEASED ESTATE – ARE YOU LOOKING AFTER THE ESTATE OF SOMEONE WHO DIED DURING THE YEAR?

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

If you need to complete a tax return, 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 at the question **Will you need to lodge an Australian tax return in the future?** print **X** in the **NO** box. 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 on 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 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 at the question **Do you want your refund paid directly into your financial institution account?** on page 1 of your tax return.

If you used EFT last year and you 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 provide another person's account details, your refund will be sent to 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 electronic funds transfer (EFT) details have changed since your last tax return, or 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 the 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 – for example, savings, cheque, mortgage offset.

If your name is John Q Citizen, you might have an account with the account name shown as JQ Citizen, or John Q and Mary Citizen, or another variation.

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 *Retirees 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.

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

EXEMPT AUSTRALIAN GOVERNMENT PENSIONS, ALLOWANCES AND PAYMENTS

Pensions

- Carer payment where:
  - 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
- Invalidity service pension where the veteran is under age-pension age
- Partner service pension where either:
  - 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 partner is under age-pension age and the veteran has died and was receiving an invalidity service pension at the time of death
- Veterans' Affairs disability pension and allowances, war widows and war widowers 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

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

Superannuation Act 1976 and *Defence Forces Retirement Benefits Act 1948* pensions and payments are taxable. Show them on your tax return at item **2**.

Other payments

- Carer allowance paid under the *Social Security Act 1991*
- The 2005 one-off payments to carers (care payment, carer service pension or carer allowance related) paid under the *Social Security Act 1991*
- Commonwealth Trade Learning Scholarship
- DFISA bonus
- Disaster relief payment
- Language, literacy and numeracy supplement
- Super Co-contributions
- Lump sum pension bonus paid under the *Social Security Act 1991* or the *Veterans' Entitlements Act 1986*
- Payments from the Australian Government under the incentives payments scheme relating to certain private health insurance policies
- The one-off payments to familes and carers under the Family Assistance (One-off Payment to Families and Carers) Scheme 2004
- Pensioner education supplement and fares allowance paid by Centrelink
- Pharmaceutical allowances paid under the *Social Security Act 1991* or the *Veterans' Entitlements Act 1986*
- Remote area allowance

- Rent assistance
- Seniors concession allowance paid under the *Social Security Act 1991* or the *Veterans' Entitlements Act 1986*
- Sugar industry exit grant
- Phone allowance paid under the *Social Security Act 1991* or the *Veterans' Entitlements Act 1986*
- Utilities allowance paid under the *Social Security Act 1991* or the *Veterans' Entitlements Act 1986*
- Loss of earnings allowance paid under the *Veterans' Entitlements Act 1986*

OTHER EXEMPT PAYMENTS

- Spouse maintenance payments
- Mortgage and Rent Relief Scheme payments
- Certain annuities and lump sums which are paid to an injured person under a structured settlement
- 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)

NOTE

If you received an Australian Government payment during 2005–06 and are unsure if it is exempt income, phone the Personal Tax Infoline.

Income

QUESTION 1

AUSTRALIAN GOVERNMENT PENSIONS AND ALLOWANCES

1

1

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

- Age pension
- Bereavement allowance
- Carer payment
- Disability support pension and you have reached age-pension age
- Widow B pension
- Wife pension and either you or your partner was of age-pension age
- Age service pension
- Income support supplement
- Defence Force income support allowance (DFISA) if the pension, payment or allowance it relates to is taxable
- DFISA-like payment from the Department of Veterans' Affairs (DVA)
- Invalidity service pension and you have reached age-pension age
- Partner service pension

NO ☐ Go to question **2**.

YES ☐ Read below.

STOP

Do not show at this item:
- Superannuation Act and Defence Forces Retirement Benefits Act pensions and payments – these are dealt with at question **2**
- foreign pensions – these are dealt with at question **3**.

Show your income from these payments at this item unless your payment was exempt from tax. Read pages 14–15 if you are not sure.

QUESTION ***How do you know how much pension or allowance you received?***

ANSWER The government agency that paid you will provide you with a *PAYG payment summary – individual non-business* or a letter giving details of your pension, allowance or payment. This advice shows the amount you received and whether tax was withheld. If you have not received this information or you have lost it, contact the agency that paid you.

COMPLETING THIS ITEM

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 **1** on your tax return. Do not show cents.

STEP 2 Add up all the amounts of taxable Australian Government pension or allowance income you received. Write the total amount at **B** item **1** on your tax return. Do not show cents.

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

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 question **20 Senior Australians** and question **21 Pensioner** to see if you are entitled to a tax offset. 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 letters on your tax return; otherwise you may not receive your correct entitlement.

EXAMPLE

Stan received a service pension of $6,200 in 2005–06. He did not have any tax withheld.

Stan fills in his tax return like this:

1 Australian Government pensions and allowances You must complete item **20** or **21** in **Tax offsets**.	Tax withheld – do not show cents ☐,☐☐☐.00	Income – do not show cents **B** ☐6,200.~~00~~

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 or application for a refund of franking credits but you 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 you 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 a *Retirees TaxPack 2006* and 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

OTHER AUSTRALIAN PENSIONS OR ANNUITIES

2

Did you receive an Australian:
- **annuity**
- **superannuation pension**
- **pension not listed at question 1?**

NO ☐ Go to question **3**.

YES ☐ Read below.

STOP

Do not show at this item:
- age, service and other Australian Government pensions or allowances. These are dealt with at question **1**
- pensions or annuities paid from overseas. These are dealt with at question **3**
- exempt pensions as listed on page 14. These are not taxable and should not be shown anywhere on your tax return.

Australian pensions and annuities include:
- superannuation and similar pensions and annuities paid to you by an Australian superannuation fund, retirement savings account (RSA) provider or life assurance company, and
- 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.

Also show at this item Australian annuities and pensions paid to you while you were still working.

The company, superannuation fund or RSA provider that pays your pension will give you a *PAYG payment summary – individual non-business* or statement showing how much you were paid and the amount of tax withheld.

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

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.

COMPLETING THIS ITEM

STEP 1 Print the type of pension or annuity – for example, 'superannuation pension' – in the **Type** box at item **2** 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 **2**. Do not include amounts already shown at item **1**.

STEP 3 Add up all the gross amounts shown on your payment summaries and statements and write the total amount at **J** item **2**. 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.

EXAMPLE

Roberta received a yearly pension of $15,000 from the Solid Rock pension scheme.
In 2005–06 Solid Rock withheld $1,402.00 in tax from Roberta's pension.

Roberta fills in item **2** on her tax return like this:

2 Other Australian pensions or annuities – including superannuation pensions

Type: Superannuation pension

Tax withheld – do not show cents: 1,402.00

J 15,000.00

DEDUCTIONS AND TAX OFFSETS

Undeducted purchase price
If your annuity or pension has an undeducted purchase price, you may be able to claim the deductible amount. Read question **14** on page 45 for more information.

Senior Australians tax offset
You may be entitled to a senior Australians tax offset. Read pages 53–4 to find out more about this tax offset.

Superannuation annuity and pension tax offset
You may be entitled to a tax offset for your pension or annuity. Read question **22** on pages 59–61 to find out more about this tax offset.

QUESTION 3

FOREIGN SOURCE PENSION OR ANNUITY INCOME

Did you receive income from a foreign pension or annuity?

NO ☐ Go to question **4**.

YES ☐ Read below.

STOP

You cannot complete your tax return using *Retirees TaxPack 2006* if in 2005–06 you received:

- a foreign pension or annuity from which tax had been taken and for which you want to claim a foreign tax credit
- a foreign pension or annuity in relation to which you have incurred interest or other debt deductions for which you wish to claim a deduction, or
- a lump sum foreign pension payment for an earlier year.

See **Other ways to prepare your tax return** on page 2 for alternative ways to prepare your tax return.

Most foreign pensions and annuities are taxable in Australia, even if tax has been taken from your payment by the country that paid you. If you are unsure whether your pension or annuity is taxable in Australia, or whether your pension or annuity is subject to an agreement (see **Note** below), phone the Personal Tax Infoline (see the inside back cover).

NOTE

If the country paying your pension or annuity has taken tax from your payment, and the pension or annuity is also taxable in Australia, you may be able to claim a foreign tax credit if you are not entitled to seek a refund of the foreign tax paid from the country that paid you. This refund may follow under the terms of an agreement between Australia and that country to prevent double taxation. If you want to claim a credit for foreign tax you have paid, **you cannot complete your tax return using *Retirees TaxPack 2006*.** See **Other ways to prepare your tax return** on page 2 for other ways to prepare your tax return.

QUESTION ***Do you need to convert your foreign pension or annuity into Australian dollars?***

ANSWER You must convert all of your foreign pension or annuity income into Australian dollars. If your foreign pension or annuity is converted into Australian currency when it is paid into your bank account, the easiest way to do this is to add up those converted payments shown in your passbook or bank statement.

If you cannot do this, use the foreign income conversion calculator on our website or phone the Personal Tax Infoline to find out the correct exchange rates.

COMPLETING THIS ITEM

STEP 1 You must add the amount of foreign tax paid, if any, to the amount of pension or annuity you received. The answer is the gross amount of foreign pension or annuity you received. Write the gross amount at **E** item **3** on your tax return. Do not show cents.

STEP 2 Take away the amount of any deductible expenses (other than interest or debt deductions) you incurred in relation to your gross foreign pension or annuity. Deductible expenses include expenses such as bank fees and phone calls to your fund. The amount remaining is called your **net taxable foreign pension or annuity**.

Do not take away any deductible amount of undeducted purchase price (UPP).

If your pension or annuity has a deductible amount of UPP, you may be able to reduce the amount of pension or annuity that you will pay tax on. Read pages 43–4 and question **15** on pages 46–7 for further information.

If your pension or annuity never had a UPP, go to step 3. If your pension or annuity has or had a UPP, go to step 4 on the next page.

Net foreign pension or annuity WITHOUT an undeducted purchase price

STEP 3 Write the amount of your net taxable foreign pension or annuity without a UPP at **L** item **3**. Do not show cents. Your tax return will already have the correct code printed in the **CODE** box at item **3**. See example 1 on the next page.

EXAMPLE 1

Lucy receives a foreign pension. She had no deductible expenses in relation to this pension and her pension has no undeducted purchase price (UPP) entitlement. Each month's payments were converted into Australian dollars and paid into her bank account. To work out how much overseas pension she received, Lucy adds up the amounts paid in each month and finds they total $5,675.

Lucy fills in item **3** on her tax return like this:

3 Foreign source pension or annuity income

Net foreign pension or annuity income WITHOUT an undeducted purchase price	**L**	5,675.00 CODE BOX P
Net foreign pension or annuity income WITH an undeducted purchase price	**D**	.00
Assessable foreign source income	**E**	5,675.00

Net foreign pension or annuity WITH an undeducted purchase price

STEP 4 Write the amount of your net taxable foreign pension or annuity with a UPP at **D** item **3**. Do not show cents. See example 2 below.

EXAMPLE 2

Gino receives an Italian pension and incurred no deductible expenses. He has converted his pension income into Australian dollars, and the amount is $6,730.

Gino is also entitled to claim a UPP deduction at item **15**.

Gino fills in item **3** on his tax return like this:

3 Foreign source pension or annuity income

Net foreign pension or annuity income WITHOUT an undeducted purchase price	**L**	.00 CODE BOX P
Net foreign pension or annuity income WITH an undeducted purchase price	**D**	6,730.00
Assessable foreign source income	**E**	6,730.00

QUESTION 4

SALARY, WAGES, ALLOWANCES, EARNINGS ETC

4

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:
- payments of salary, wages, commissions, bonuses etc, including income earned from part-time and casual jobs
- allowances
- jury attendance fees
- tips, gratuities and payments for your services
- consultation fees and payments for voluntary services (honoraria).

NO ☐ Go to question **5**.

YES ☐ Read below.

STOP

Do not show the following payments at this item:
- Australian Government pensions, allowances and payments. These are dealt with at question **1**
- other Australian pensions or annuities. These are dealt with at question **2**
- total reportable fringe benefits amounts. These are dealt with at question **6**.

You **cannot use** *Retirees TaxPack 2006* to complete your tax return if:
- you received payment summaries other than the *PAYG payment summary – individual non-business*, or
- you wish to claim any work-related expenses.

See **Other ways to prepare your tax return** on page 2 for alternative ways to prepare your tax return.

QUESTION ***Was tax withheld from your payments of salary or wages, allowances or other earnings?***

ANSWER If you had tax withheld from your payments of salary or wages, allowances or other earnings during 2005–06, your payer will send you a payment summary showing how much income you earned and how much tax was withheld from your earnings.

NOTE
- Employers are payers.
- Employees are payees.

Late, lost or wrong payment summaries

If your payer has not sent your payment summary to you, if the details on it are wrong or if you have lost it, contact your payer and ask them for the original documents, a signed copy, or a letter or statement showing the correct details.

If your payer is unable to provide you with these documents, you will need to complete *Statutory declaration* (NAT 4135–2.2006), 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 from whom you have no documents.

The statutory declaration identifies the categories of information you need to show on your tax return, such as the period or periods of employment covered by your missing documents, the amounts of tax withheld and the amount of gross payments of salary or wages you earned.

To find out how to get the 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 statutory declaration showing the correct details – we may send it back asking you to attach the necessary documents and lodge it again. If you do not lodge your tax return by the due date, you may incur a penalty.

COMPLETING THIS ITEM

STEP 1 Write the total amount of tax withheld from payments of salary or wages, allowances or other earnings at the left of **C** item **4** on your tax return. Do not include any amounts already shown on your tax return. Do not show cents.

STEP 2 Add up all your gross amounts of salary or wages, allowances or other earnings. Do not include amounts already shown on your tax return. Include all allowances and earnings you received, whether or not they are shown on a payment summary.

STEP 3 Write the total at **C** item **4**. Do not show cents.

STEP 4 Attach to page 3 of your tax return the 'Payee's Tax Return Copy' of all your payment summaries, and any statutory declarations, letters or statements from your payers.

EXAMPLE

Ling worked part time in her daughter's clothing shop in 2005–06. She earned $1,200 and had $300 tax withheld.

She also volunteered to do the books of her grandson's pre-school for $150, based on $15 per hour. No tax was withheld from this payment.

Ling fills in item **4** on her tax return like this:

	Tax withheld – do not show cents	
4 Salary, wages, allowances, earnings etc	300.00	**C** 1,350.~~00~~

QUESTION 5

5

TOTAL TAX WITHHELD

COMPLETING THIS ITEM

STEP 1 Add up all the amounts in the tax withheld boxes at items **1**, **2** and **4** on page 2 of your tax return.

STEP 2 Write the total amount at **$** item **5 TOTAL TAX WITHHELD** on your tax return. Go to question **6**.

5	TOTAL TAX WITHHELD	$ ___,___.00	← **Add up all the amounts in the tax withheld column – items 1, 2 and 4.**

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 have nothing to pay.

QUESTION 6

TOTAL REPORTABLE FRINGE BENEFITS AMOUNTS

6

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

NO ☐ Go to question **7**.

YES ☐ Read below.

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

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 (FBT) year (1 April 2005 to 31 March 2006).

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 benefits, 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
- Super Co-contributions
- mature age worker tax offset
- Higher Education Loan Programme repayments, and
- certain government benefits.

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.

COMPLETING THIS ITEM

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

STEP 2 Write the total at **W** item **6** on your tax return. Do not show cents. Do not show an amount at **W** that is less than $1,943.

QUESTION 7

GROSS INTEREST

7

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

NO ☐ Go to question **8**.

YES ☐ Read below.

STOP

You **cannot use** *Retirees TaxPack 2006* to complete your tax return if you received or were entitled to receive distributions of interest from a partnership or trust. 'Trust' includes:

- cash management trust
- money market trust
- mortgage trust
- property trust
- unit trust
- other similar trust investment products.

If you had such distributions see **Other ways prepare your tax return** on page 2 for alternative ways of preparing your tax return.

You need to include all the interest you received from:

- interest bearing accounts – such as savings and passbook accounts – with banks, credit unions and building societies
- cash management accounts and cheque accounts
- term deposits or fixed deposits.

Include any interest you received from or were credited with by the Tax Office.

Deemed interest

We are only concerned with the interest you actually received or were credited with, not what Centrelink or the Department of Veterans' Affairs deemed you to have received from your investments.

Children's and grandchildren's accounts

If you opened or operated an account for a child or grandchild 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 item.

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

COMPLETING THIS ITEM

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.

Remember to show only your share of any interest from joint accounts. Joint account interest is generally split equally between account holders. If it is not, keep a record to show how you worked out your share.

The gross interest amount you show at this item 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 to the institution. They will be shown in your passbook, statements or other financial records as Commonwealth tax or TFN withholding tax.

Do not deduct account keeping fees and charges from your gross interest amount. You may be able to claim these at item **12 Interest and dividend deductions**.

STEP 2 Write your gross interest at **L** item **7** on page 2 of your tax return. Do not show cents.

STEP 3 Add up all the TFN amounts withheld from gross interest shown on your statement and take away any TFN amounts already refunded to you. These will also be shown on your statements or passbooks from banks or other financial institutions.

STEP 4 Write the answer from step 3 at **M** item **7**. Remember to show cents. This amount will be credited to you on your notice of assessment.

EXAMPLE

John's account was credited with $260 interest from the XYZ Bank. John and his wife, Helen, have a joint account at the STU Bank which credited the account with $130 interest. John has to show only half of this on his tax return.

John also opened an account at the Piggy Bank for his granddaughter, Jessica. This account was credited with $35 interest. John often uses the money in Jessica's account to help pay unexpected expenses. Because John is using the money in Jessica's account as if it belongs to him, he must include the interest from Jessica's account on his tax return.

John has given his tax file number to each of the banks.

John calculates his bank interest like this:

Bank	**Interest credited**
XYZ	$260
STU (half of the interest credited to the joint account)	$65
Piggy	$35
Total interest	**$360**

John fills in item **7** on his tax return like this:

7 Gross interest

Gross interest **L** 360.~~00~~

Tax file number amounts withheld from gross interest **M**

QUESTION 8

8

DIVIDENDS

8

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

NO ☐ Go to question **9**.

YES ☐ Read below.

STOP

You cannot complete your tax return using *Retirees TaxPack 2006* if:

- you received, or were entitled to receive, dividends that were part of a distribution from any of the following trusts (check your distribution statement): 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
- you received distributions from a partnership, including a corporate limited partnership
- you received amounts from a private company that are treated as dividends
- you have amounts that are treated as dividends because of a payment, loan or a debt forgiveness by a trustee of a trust estate
- you received dividends from a foreign company, including dividends from a New Zealand company that had Australian franking credits attached.

See **Other ways to prepare your tax return** on page 2 for alternative ways to prepare your tax return.

Do not claim dividend expenses here. Claim them at item **12**.

YOU NEED TO KNOW

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

- those paid directly to you
- dividends applied under a dividend reinvestment plan
- dividends that are otherwise dealt with on your behalf
- bonus shares that qualify as dividends, and
- 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 1

Jill received a dividend statement notifying her of a final dividend for the year ended 30 June 2005. The payment date shown on the dividend statement was 30 September 2005. Jill must include the amount of the dividend, as well as any franking credits, in her assessable income on her 2006 tax return.

Demerger dividends

Dividends paid under a demerger are generally not assessable dividends (that is, you do not have to pay tax on them). Do not show demerger dividends at this item unless you are advised by the company that they are assessable.

Find out more about demergers in *You and your shares 2006* (NAT 2632–6.2006). This publication is available on our website or to find out how to get a printed copy, see the inside back cover.

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 credits attached to your dividends in your assessable income. Then we can calculate the correct amount of tax and Medicare levy. 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** on the next page). The franking tax offset will 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 you received.

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

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

- 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 you are denied a franking tax offset because you had exceeded the small shareholder franking tax offset ceiling contained in the franking credit trading rules
- demerger dividends.

Franking credit trading – qualified persons

Measures designed to curb the unintended use of franking tax apply to people who do not effectively own the shares or who only own the shares briefly. 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 get the benefit of the franking credits 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 sold shares within 45 days of buying them. It also applies if you entered 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 will apply 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 did 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 you received them directly or indirectly (such as through a trust or partnership). Phone the Personal Tax Infoline (see the inside back cover) for more information.

If any of these measures are likely to affect you, read *You and your shares 2006*.

NOTE

If you have a franking credit but do not have to lodge a tax return, see the information about franking credits under **Other reasons** on page 3. You can claim your refund on a shorter form included in the publication *Refund of franking credits instructions and application for individuals 2006* (NAT 4105–6.2006).

QUESTION ***What are unfranked dividends?***

ANSWER Unfranked dividends are paid by an Australian resident company that has not already paid Australian company tax. If your dividend was unfranked, you are not entitled to a franking tax offset. You must include the unfranked dividend in your assessable income at **S** item **8** on your tax return.

NOTE

If your dividend statement shows that your unfranked dividend was paid out of conduit foreign income, you must still include this amount as unfranked dividend income.

QUESTION ***What if you have not quoted your tax file number (TFN) to the investment body and you have received an unfranked dividend?***

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

If TFN amounts were withheld from your unfranked dividends, these amounts will be shown on your dividend statement. You can claim a credit for any TFN amounts withheld at **V** item **8** 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.

The company, corporate unit trust or public trading trust that paid you the dividends or made the distributions will provide you with a statement.

The statement will show:

- the amount of unfranked and franked dividends you received
- the amount of franking credit – which the company has already worked out and allocated to the dividend or distribution, and
- the amount of tax withheld from unfranked dividends – called 'TFN amounts withheld'.

If you have not received your dividend or distribution statements, contact the company, corporate unit trust or public trading trust 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 ITEM

STEP 1 Add up all the unfranked dividend amounts shown on your statements, including any tax file number (TFN) amounts withheld. Write the total amount at **S** item **8** on your tax return. Do not show cents.

STEP 2 Add up all the franked dividend amounts shown on your statements. Write the total amount at **T** item **8**. Do not show cents.

STEP 3 Add up all the allowable franking credit amounts shown on your statements. Do not include any franking credits for which you were not entitled to 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.

Write the total amount at **U** item **8**. 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 **8**. Remember to show cents. This amount will appear as a credit on your notice of assessment.

EXAMPLE 2

Yuan had shares in MPG Ltd, HYY Ltd and HPT Ltd. He did not give HPT his tax file number.

Yuan's dividend statement from MPG Ltd showed a $70 fully franked dividend and a $30 franking credit.

His dividend statement from HYY Ltd showed a $120 unfranked dividend.

His dividend statement from HPT Ltd showed a $100 unfranked dividend and $48.50 in TFN amounts withheld. Yuan received $51.50 from HPT.

On his working papers, Yuan adds up his income like this:

Company	Unfranked	Franked	Franking credit	TFN amounts withheld from dividends
MPG Ltd		$70	$30	
HYY Ltd	$120			
HPT Ltd	$100			$48.50
Total	**S** **$220**	**T** **$70**	**U** **$30**	**V** **$48.50**

Yuan fills in item **8** on his tax return like this:

8 Dividends

Unfranked amount	S	220.~~00~~
Franked amount	T	70.~~00~~
Franking credit	U	30.~~00~~
Tax file number amounts withheld from dividends	V	48.50

RECORD KEEPING

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 more information about shares and other assets that attract capital gains tax, including what records you need to keep, see the *Guide to capital gains tax 2006* (NAT 4151–6.2006). This publication is available on our website or to find out how to get a printed copy, see the inside back cover.

QUESTION 9

CAPITAL GAINS

9

STOP

If you received a distribution of a capital gain from a trust, including a managed investment fund in 2005–06, **you cannot complete your tax return using *Retirees TaxPack 2006*** – see **Other ways to prepare your tax return** on page 2 for alternative ways to prepare your tax return.

Did you have a capital gains tax event during the year?

You may have made a capital gain or capital loss if what is called a 'CGT event' happened to you in 2005–06. 'CGT' stands for capital gains tax. See the box on the right for an explanation of CGT event.

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

For most CGT events you have made a **capital loss** if the amount of money and property you received – or were entitled to receive – from the CGT event was less than the reduced cost base of your asset.

You cannot deduct a capital loss from your income, but in most cases it can be used to reduce any capital gain you made in 2005–06 – see the note at **Completing this item** step 3 on page 34.

Some capital gains and capital losses are disregarded – see **Exceptions and exemptions** in the next column.

NO ☐ Print **X** in the **NO** box at **G** item **9** on your tax return if:
- you did not have a capital gain or capital loss, or
- all of your capital gains or capital losses were disregarded. Go to **Did you have any unapplied net capital losses from earlier years** on page 34 to find out how to complete this item.

YES ☐ Print **X** in the **YES** box at **G** item **9** on your tax return if you had either a capital gain or a capital loss that was not disregarded. Read on to work out your net capital gain or net capital loss.

NOTE

Any capital gains or capital losses you may have made from foreign sources are shown at this item. However, if foreign tax was paid on the foreign capital gain, **you cannot use *Retirees TaxPack 2006*** – see **Other ways to prepare your tax return** on page 2 for alternative ways to prepare your tax return.

YOU NEED TO KNOW

CGT EVENTS AND CGT ASSETS

There is a wide range of CGT events. The most common CGT event happens when you sell or give away a CGT asset, such as:
- real estate – including your family home, a holiday home, investment property, vacant block of land or hobby farm
- shares
- units in a unit trust or managed investment fund
- collectables – for example, jewellery
- personal use assets.

Examples of other CGT events are:
- an asset you owned was lost or destroyed
- you received an amount for entering into an agreement – for example, you agreed not to work in a particular industry for a set period of time
- you entered into a conservation covenant over land that you owned
- you received a non–assessable payment from a trust or company.

If you are unsure whether a CGT event happened to you in 2005–06, refer to **Appendix 1: Summary of CGT events** in the *Guide to capital gains tax 2006*.

Exceptions and exemptions

Generally speaking, you **disregard** a capital gain or capital loss on:
- an asset you acquired before 20 September 1985
- cars, motorcycles and similar vehicles
- compensation you received for personal injury
- disposal of your main residence
- a collectable – for example, an antique or jewellery – if you acquired it for $500 or less
- a personal use asset – for example, items such as boats, furniture, electrical goods and household items used or kept mainly for personal use or enjoyment. If you acquired it for more than $10,000, you only disregard capital losses. If you acquired it for $10,000 or less, you disregard both capital gains and capital losses
- the exchange of shares you owned in a company that was taken over if certain conditions were met
- shares in a company or interests in a trust where there had been a demerger and certain conditions had been met.

STOP

Do not show a 'listed investment company (LIC) capital gain amount' included in a dividend paid by a LIC at this item. Refer to question **12 Interest and dividend deductions**.

Did you dispose of shares or rights to shares acquired under an employee share scheme?

The amount payable on a capital gain may be reduced if your shares, rights or options were acquired under an employee share scheme.

For more information, read *Employee share schemes – answers to frequently asked questions by employees* on our website.

Did a capital gains tax (CGT) event happen to your shares?

A CGT event can happen in relation to your shares even though you have not sold your shares to a third party, for example:

- If you held shares in Alamain Investments or in Federation Group, you can claim a capital loss (equal to their reduced cost base) as the liquidator has declared these shares worthless.
- If you held shares in Westpac or in BHP Billiton and participated in the off-market share buy-back, you can claim a capital loss (as well as declare the dividend component of the sale proceeds under item **8 Dividends**).
- If you held shares in Aristocrat or in CSR Limited, you may have to adjust your cost base because you would have received a return of capital.

There are examples for some other companies and other information in the fact sheets on our website **www.ato.gov.au/individuals**

Did you sell a property you inherited?

Capital gains tax applies when you dispose of CGT assets that you inherited. However, if you inherited real estate, you may not have to pay CGT if you sold it within two years of the person's death – for example, if the property was the deceased person's main residence just before they died and they weren't renting part of it out or using part of it for business purposes.

For more information, read the *Guide to capital gains tax 2006*.

Your home may be subject to capital gains tax

Under the 'main residence' exemption, you generally do not have to pay CGT on the disposal of your main residence. However, you may have to pay tax on some of your capital gain if:

- the property was not your main residence for the whole period you owned it
- you used the property, or part of it, to produce assessable income, for example, you rented it out
- the land area was greater than two hectares.

For more information, read the *Guide to capital gains tax 2006*.

Asset transfer on marriage breakdown

If you transferred an asset to your spouse as a result of a marriage breakdown, in certain cases there are no immediate CGT consequences. In these cases there is automatic rollover (you cannot choose whether or not it applies).

However, the one who receives the asset (the transferee spouse) will usually make a capital gain or capital loss when they dispose of the asset. If you were the transferee spouse and rollover applies, you may need to get cost base information from your former spouse or their tax adviser.

For more information, read the *Guide to capital gains tax 2006*.

WHAT YOU NEED

- Details of the amount of any unapplied net capital losses from earlier years – this is the amount at **V** at the capital gains item on your last year's tax return
- Documents showing the date you acquired any asset to which a CGT event happened, the date of the CGT event, and the date and amounts of any expenditure you incurred that form part of the cost base and reduced cost base of the asset or are taken into account in working out your capital gain or capital loss

You may also need one or more of the following publications:

- *Introduction to capital gains tax*. This explains what capital gains tax is, how it applies, what assets are included and the exceptions and exemptions. (This publication is only available on our website.)
- *Guide to capital gains tax 2006*. This explains how capital gains tax works and will help you to calculate your net capital gain or net capital loss. It covers issues such as the sale of a rental property, vacant land, a holiday home, collectables (for example, jewellery), or personal use assets (for example, a boat you use for recreation) and real estate, shares and units you inherited or got from the breakdown of your marriage
- *Personal investors guide to capital gains tax 2006* (NAT 4152–6.2006) is shorter and simpler than the *Guide to capital gains tax 2006*. It covers the sale, gift or other disposal of shares and units and non-assessable payments from companies and managed funds. It does not cover CGT consequences for bonus shares, shares acquired under an employee share scheme, bonus units, rights and options, and shares and units where a takeover or demerger has occurred – you will need to refer to the *Guide to capital gains tax 2006*.

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

COMPLETING THIS ITEM

STEP 1 Read the publication that is relevant to your circumstances and work out the amount of your capital gain or capital loss for each capital gains tax (CGT) event that occurred for the 2005–06 income year.

STEP 2 Add up all your capital gains for the 2005–06 income year (except the ones that are disregarded) to work out your total current year capital gains. Do not apply capital losses or any CGT discounts yet. Write this amount at **H** item **9** on your tax return.

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

- capital losses from this year
- unapplied net capital losses from earlier years, and
- any CGT discounts.

You must follow this order to get the correct result. The more detailed steps listed in the relevant publication will assist you (see **What you need** on the previous page).

If you have capital losses to apply, you will find it to your advantage to apply them first to any capital gains that do not qualify for the CGT discount.

If the total amount remaining is positive or zero, write it at **A** item **9** on your tax return. Read **Keeping records from the start** in the next column, then go to question **10**.

If you have a negative amount, **do not put anything at A** – go to step 4.

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

STEP 4 You have net capital losses that are carried forward to later income years – write the amount at **V** item **9** on your tax return. Read **Keeping records from the start** below, then go to question **10**.

Did you have any unapplied net capital losses from earlier years?

You can use net capital losses from earlier years (that you have not yet used) to reduce a capital gain in later years.

NO ☐ Go to question **10**.

YES ☐ Read below.

You have net capital losses from earlier years that are carried forward to later income years – write the amount at **V** item **9** on your tax return.

> **KEEPING RECORDS FROM THE START**
> Keeping records of all expenditure related to your CGT assets will help you work out the correct amount of capital gain or capital loss you have made when a CGT event happens to any of these assets.
>
> You need a record of every act, transaction, event or circumstance that may be relevant to working out your capital gain or capital loss – regardless of whether the CGT event has already happened, is about to happen or will happen in the future.

QUESTION 10

TOTAL INCOME

You have now reached the end of the Income section.

Before adding up your amounts from items **1** to **9**, please note the following:

- The more common types of exempt income are listed on pages 14–15.
- You must have shown all of your income for tax purposes. The *Taxpayer's declaration* on page 6 of your tax return will require you to sign that this is true.
- If you still have income that you have not included at any item and it is not exempt income, you will need to go back through the Income section and include it. If your type of income is not shown in *Retirees TaxPack 2006* you may need to use *TaxPack 2006*. See page 7 for what's in *TaxPack 2006* and *TaxPack 2006 supplement*. If you are in any doubt, phone the Personal Tax Infoline (see the inside back cover).
- If you have not been able to complete one or more of items **1** to **9** because you do not have all the documents you need to work out the right amount, do not complete this section yet.

You have until 31 October 2006 to lodge your tax return, unless a registered tax agent prepares it.

You should not lodge your tax return until it is complete.

If you think you are likely to be missing information on 31 October, ask the Tax Office if you can lodge at a later date. Information on page 11 tells you how.

COMPLETING THIS ITEM

STEP 1 Add up all the income amounts in the right-hand column of items **1** to **9** on your tax return.

STEP 2 Write your answer from step 1 at item **10 TOTAL INCOME** on page 2 of your tax return. Do not show cents.

Deductions

QUESTION 11

11

SUBSCRIPTIONS

Did you have expenses for:

- **subscriptions to associations representing pensioners or self-funded retirees**
- **subscriptions to trade, business or professional associations?**

NO ☐ Go to question **12**.

YES ☐ Read below.

STOP

You cannot use *Retirees TaxPack 2006* to complete your tax return if you have any of the following work-related expenses: car, travel, clothing, laundry, self-education, books, journals and trade magazines, tools and equipment, computers and software, phone and home office expenses, or other work-related expenses.

See **Other ways to prepare your tax return** on page 2 for alternative ways to prepare your tax return.

Subscriptions to associations

You can claim as a deduction the full payment you make for membership of a trade, business or professional association or an association representing pensioners and self-funded retirees that is directly related to the earning of your assessable income. You can also claim in full any debits tax charged on the payment.

You can claim up to $42 a year in respect of each subscription you make for membership of a trade, business or professional association that is not directly related to the earning of your assessable income.

COMPLETING THIS ITEM

STEP 1 Add up all the expenses that you can claim at this item.

STEP 2 Write the total amount at **E** item **11** on your tax return. Do not show cents.

EXAMPLE

Jarrod is a retired nurse and receives income from a superannuation pension and investments. Jarrod pays an annual subscription of $55 to a retired nurses association. The association publishes a monthly newsletter to keep members up to date on changes to nursing standards and to tell them about other issues of interest. Because the subscription is not directly related to the earning of his assessable income, Jarrod can only claim a deduction of $42 for the subscription.

Jarrod fills in item **11** on his tax return like this:

11 Subscriptions	Deductions – do not show cents **E** , 4 2 .~~00~~

QUESTION 12

INTEREST AND DIVIDEND DEDUCTIONS

12

Did you have:
- **expenses that you can claim as deductions against assessable interest and dividend income, or**
- **a 'listed investment company (LIC) capital gain amount' included in a dividend received from a LIC?**

Your expenses might include:
- debits tax
- account-keeping fees
- management fees
- interest charged on money borrowed to purchase shares.

You can claim a deduction if you are able to show that you incurred the expenses in earning interest and dividend income.

NO ☐ Go to question **13**.

YES ☐ Read below.

Debits tax

Debits tax charged in prior years by some state and territory governments for operating certain types of accounts held with financial institutions such as banks, building societies and credit unions was abolished from 1 July 2005. However, debits tax relating to transactions occurring prior to 1 July 2005 may have been charged to your accounts after this date.

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.

Account-keeping fees

Some financial institutions charge account-keeping fees. You can claim for 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 account-keeping fees paid on that account.

Other deductions

You can claim 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 the interest incurred for an income-producing purpose is deductible.

You can claim ongoing management fees, retainers and amounts paid for advice relating to changes in the mix of investment.

You **cannot claim**:
- a fee charged for drawing up an investment plan unless you were carrying on an investment business, or
- 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 you incurred them in managing your investments. Such costs would include 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 *You and your shares 2006*. This publication is available on our website or to find out how to get a printed copy, see the inside back cover.

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 2005–06 are more than $250,000. More information is available on our website.

Deduction for 50% of a LIC capital gain amount

If you were an Australian resident when a LIC paid you a dividend that included a LIC capital gain amount, you can claim a deduction of 50% of that capital gain. The LIC capital gain amount will be shown separately on your dividend statement.

COMPLETING THIS ITEM

STEP 1 Add up all your interest and dividend deductions and 50% of any listed investment company (LIC) capital gain amount.

STEP 2 Write the total amount at **I** item **12** on page 3 of your tax return. Do not show cents.

EXAMPLE

Matthew has three investment accounts with the ABC Bank, which he holds with his spouse. His 2005–06 bank statements show that debits tax has been charged on debits made before 1 July 2005. An amount of $14 of the debits tax was related to payments for advice for changes in the mix of investments in their joint portfolio. The amounts paid for the advice are deductible. Matthew can only claim his half of the debits tax.

Matthew received a LIC dividend of which $800 is a LIC capital gain amount. Matthew can claim a deduction for 50% of that capital gain amount.

Matthew fills in item **12** on his tax return like this:

12 **Interest and dividend deductions** **I** , 4 0 7 .~~00~~

QUESTION 13

GIFTS OR DONATIONS

Did you make:
- **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 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 listed in the tax law, 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 ☐ Read the information on pages 43–4.

YES ☐ Read below.

YOU NEED TO KNOW

Generally, you cannot claim a deduction for a donation if you received something in return – for example, a pen or a raffle ticket (see **Deductions for contributions relating to fund-raising events** on this page for the exception to this rule).

The total amount you can claim for contributions to registered political parties is $100. At the time of printing *Retirees TaxPack 2006* there was legislation in Parliament which will increase the total amount you will be able to claim to $1,500.

The legislation currently before Parliament will also allow a deduction up to $1,500 for gifts to an independent member of (or candidate for) an Australian parliament (state or federal) or legislative assembly.

The new rules will apply from the date the law is enacted. If you want to know whether the law has come into effect, phone the Personal Tax Infoline (see the inside back cover).

You can claim deductions for donations made to prescribed private funds.

> **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, check with the recipient. If you still do not know, you can check on **www.abn.business.gov.au** or phone the Personal Tax Infoline (see the inside back cover).

Deductions for contributions relating to fund-raising events

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 (or for the right to attend or participate) in a fund-raising event
- 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 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 the box on the next page)
- the fund-raising event was held in Australia, and
- the market value of 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 receipt from the eligible organisation will show the market value of the minor benefit you received.

> **NOTE**
> The contribution is the goods and services tax (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, for 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 2005. 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 eligible organisation at $30 per head ($60 in total).

In the auction, Steve made four successful bids at $70 each ($280 in total). Steve cannot claim a deduction for these items because each contribution was not more than $250.

Steve also made two successful bids at $290 each ($580 in total). Both items were valued at $5 each ($10 in total).

Steve can claim deductions for:

$540 ($600 less the minor benefit [the dinner] of $60)

$570 ($580 for the two successful bids at $290 each less the minor benefit of $10)

Steve's total claim is **$1,110**.

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 money

You can claim a deduction for the amount of money you have donated to an eligible organisation. 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 42.

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 item.

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.

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 donating it, or
- the property was purchased more than 12 months before you donated it and the Australian Valuation Office (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 the 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.

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 page 42.

AUSTRALIAN VALUATION OFFICE

For more information about property valuations, phone the AVO on **(08) 8198 1900**, fax **(08) 8296 3398** or visit the AVO's website at **www.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.

> **INFORMATION**
>
> For more information about:
>
> - the Cultural Gifts Program and the election process, phone the Department of Communications, Information Technology and the Arts on **(02) 6271 1643** or 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 process, phone the Department of the Environment and Heritage on **(02) 6274 2436** 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 be either approved in writing by the Minister for the Environment and Heritage or entered into under a program approved in writing by the Minister.

> **INFORMATION**
>
> 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 that was 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 on 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 ITEM

STEP 1 Add up the amounts of your eligible gifts, donations and contributions.

> **NOTE**
>
> If you have been given 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), make sure you claim your donations only once.

STEP 2 Write the total at **J** item **13** on your tax return. Do not show cents.

See the next page for information on spreading a deduction over five years.

EXAMPLE

Siva donated $5 to the Red Cross and was given a receipt. He gave $10 to Vision Australia and in return received a pocket diary. Siva can claim only the $5 donation to the Red Cross.

Siva fills in item **13** on his tax return like this:

13 Gifts or donations **J** 5.~~00~~

Spreading a deduction over five years

> **NOTE**
> This section does not apply to cultural, environmental or heritage gifts.

You can spread your deduction over five years if it was a gift of property valued at more than $5,000 by the Australian Valuation Office, or a gift of cash.

You do not need to fill in the election if you wish to claim the full deduction amount in the year of the donation.

If you elect to spread your deduction you give up the right to claim the full deduction amount in the year you made the donation.

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 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, and
- 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 to us.

ELECTION TO SPREAD DEDUCTION FOR A GIFT

(Does not cover cultural, environmental or heritage gifts)

Name of donor:

Name of 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 or variation:

Year 1	Year 2	Year 3	Year 4	Year 5
%	%	%	%	%

(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: / /

UNDEDUCTED PURCHASE PRICE

Did you show income at item 2 or item 3 on your tax return?

NO ☐ Go to question **16**.

YES ☐ Read below.

If you showed income at item **2** or item **3** on your tax return, you may be able to reduce the amount of pension or annuity income on which you must pay tax. If your pension or annuity has a deductible amount of undeducted purchase price (UPP), you can claim the deductible amount at item **14** or item **15**.

STOP
Pensions from Centrelink and the Department of Veterans' Affairs do not have a deductible amount.

QUESTION ***What does UPP mean?***

ANSWER The undeducted purchase price, or UPP, is the amount you contributed towards the purchase price of your pension or annuity for which you did not claim and were not eligible to claim a tax deduction under Australian taxation law. Each year, that part of your pension or annuity income that represents a return to you of your own personal contributions can be deducted from your taxable pension or annuity income. This tax-free part of your pension or annuity income 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.

Your pension or annuity may have a UPP if:

- you receive 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 (RSA) in previous years
- you receive a pension or annuity that reverted to you on the death of another person, or
- you receive a pension or annuity that you bought with your own capital.

If you know the deductible amount of your Australian pension or annuity, and provided you have not commuted any part of your pension, complete item **14**. Where you have partly or fully commuted your pension to a lump sum, you will need to have your UPP recalculated.

QUESTION ***What if you do not know the deductible amount of the UPP of your Australian pension or annuity?***

ANSWER Usually, when you start to receive a pension, the 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 give additional information with the payment summary. You may find the answers to many of the following questions in that additional information.

If you have not received these documents, cannot find them or your deductible amount is not shown, contact the payer. If they are unable to help you, we will work it out for you.

You need to sign and attach a SCHEDULE OF ADDITIONAL INFORMATION statement to page 3 of your tax return and answer the questions on the next page. Print **X** in the **YES** box at *Taxpayer's declaration* on page 6 of your tax return. Leave **L** item **14** blank.

QUESTION ***What if you received a foreign pension or annuity?***

ANSWER If you know the deductible amount of your foreign pension or annuity and you have not commuted any part of your pension, complete item **15**. Where you have partly or fully commuted your pension to a lump sum, you will need to have your UPP recalculated. If you have a category A or category B widows pension from the British National Insurance Scheme; an old age, widows, widowers or orphans pension paid from the Sociale Verzekeringsbank (SVB) under the Netherlands social insurance system; an Italian pension; or an age, premature age, invalid, disability, widowed persons or orphans pension paid from an Austrian superannuation insurance fund under one of the Austrian social insurance Acts – *Allgemeines Sozialversicherungsgesetz* (ASVG), *Gewerbliches Sozialversicherungsgesetz* (GSVG) or *Bauern-Sozialversicherungsgesetz* (BSVG) – complete item **15**.

If you do not know the deductible amount of your foreign pension, phone the Superannuation Infoline (see the inside back cover).

STOP

If you do not know your deductible amount, there is an undeducted purchase price (UPP) calculator available on our website that may help you complete this item. If you are unable to use the calculator to determine your deductible amount, go to **Completing a schedule of additional information** below.

Completing a schedule of additional information

Print SCHEDULE OF ADDITIONAL INFORMATION – ITEM 14 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 the payer if you are unsure.)
3. What is the name of the fund or company paying your pension or annuity?
4. If you were receiving a superannuation pension:
   (a) What amount did you personally contribute to your superannuation fund or retirement savings account (RSA) after 30 June 1983? Ask your superannuation fund or RSA provider for this figure.
   (b) For what part of this amount did you **not** get a tax deduction?
   (c) Have you rolled over any capital gains tax (CGT)-exempt amounts to your superannuation fund or RSA? What is the amount?
5. If you were receiving a superannuation pension from a fund that has not paid tax on contributions received – such as some government funds – or your superannuation pension commenced before 1 July 1994, what amounts did you 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 were receiving an annuity or superannuation pension that you bought with one or more eligible termination payments (ETPs):
   (a) What amounts of each component of the ETP did you roll over into the annuity or superannuation pension? Examples are: undeducted contributions, CGT-exempt amounts, concessional components, invalidity components, pre-July 1983 or post-June 1983 components. (Your pension or annuity payer can give you this information.)
   (b) Did you buy the superannuation pension or annuity you are now receiving with funds received 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 received by rolling over a previous pension or annuity which had a starting date earlier than 1 July 1994.

7. If you were 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?
   (a) If your answer is **yes**, how long is the period?
   (b) If your answer is **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 were 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 provide you with 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 fully or partially commuted your pension to 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.

QUESTION 14

DEDUCTIBLE AMOUNT OF UPP OF AN AUSTRALIAN PENSION OR ANNUITY

Are you able to claim a deductible amount of undeducted purchase price (UPP) of your Australian pension or annuity?

NO ☐ Go to question **15**.

YES ☐ Read below.

STOP
You cannot claim a deductible amount of UPP for any Australian Government pensions. These pensions include those listed at question **1**.

Before completing this item you must read the information on pages 43–4.

If you showed income from an Australian pension or annuity at item **2** on your tax return, you may be able to reduce the taxable amount of your pension or annuity income if it has a UPP.

COMPLETING THIS ITEM

Write the deductible amount of your UPP at **L** item **14** on your tax return. Do not show cents. This cannot be more than the pension or annuity to which it relates that you showed at item **2**.

If you had more than one Australian pension, write the total of all the deductible amounts of your UPP at **L** item **14**.

EXAMPLE

Pina receives a lifelong state superannuation pension. Last year she sent in a SCHEDULE OF ADDITIONAL INFORMATION with her tax return. We advised her that the deductible amount of her UPP for a whole year was $732. Provided she receives a pension for the whole year and no part of the pension has been commuted to a lump sum, she can claim this amount every year as a UPP deduction.

Pina fills in item **14** on her tax return like this:

14	**Deductible amount of undeducted purchase price of an Australian pension or annuity**	**L** , 7 3 2 .~~00~~

QUESTION 15

DEDUCTIBLE AMOUNT OF UPP OF A FOREIGN PENSION OR ANNUITY

15

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

NO ☐ Go to question **16**.

YES ☐ Read below.

Before completing this item you must read the information on pages 43–4.

> **NOTE**
> If you are claiming a deduction at this item, check that you have shown your foreign source pension or annuity income at **D** item **3** on your tax return.

If you showed income from a foreign pension or annuity at item **3** on your tax return, you may be able to reduce the taxable amount of your pension or annuity income if it has a UPP.

QUESTION ***Can you claim a deduction for the UPP of your foreign pension?***

ANSWER Only some foreign pensions and annuities have a UPP. The UPP is the amount you contributed towards the purchase price of your pension or annuity – your personal contributions.

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

If you do not know the amount of UPP you are entitled to deduct, phone the Superannuation Infoline (see the inside back cover).

QUESTION ***Did you receive a British pension?***

ANSWER If you received a category A or category B widows pension from the British National Insurance Scheme (BNIS), you are entitled to a UPP deduction. One method of calculating your UPP deduction is to multiply your BNIS pension (in Australian dollars) by 8%. We accept this method and it generally results in the maximum deduction you are entitled to.

However, there is another method – the exact method. If you wish to find out about this method or you receive another type of British pension and you are not sure about a UPP entitlement, phone the Superannuation Infoline.

QUESTION ***Did you receive an old age, widows, widowers or orphans pension paid from the Sociale Verzekeringsbank (SVB) under the Netherlands social insurance system?***

ANSWER If you received one of these pensions, you can claim a UPP deduction. If you can get all the necessary information to determine your UPP, claim the amount you have worked out. If you cannot, you can claim an annual UPP deduction equal to 25% of your gross pension payment.

QUESTION ***Did you receive an Italian pension?***

ANSWER If you received an Italian pension and have made payments to the pension scheme, you can claim a UPP deduction.

Each calendar year, the Italian authorities will send you an Article 10 letter (previously known as an Article 17 letter). This letter gives you an estimate of the amount of pension you will receive and the amount that you have contributed towards your pension.

If you are unable to work out your UPP deduction, attach a photocopy (front and back) of your 2005 and 2006 Article 10 letters to page 3 of your tax return and print **X** in the **YES** box at *Taxpayer's declaration* on page 6. We will work out your UPP for you.

QUESTION ***Did you receive an age, premature age, invalid, disability, widowed persons or orphans pension paid under one of the Austrian social insurance Acts – Allgemeines Sozialversicherungsgesetz (ASVG), Gewerbliches Sozialversicherungsgesetz (GSVG) or Bauern-Sozialversicherungsgesetz (BSVG)?***

ANSWER If you received one of these pensions you can claim a UPP deduction. If you have evidence of actual contributions or actual monthly salary, or have received from the Austrian superannuation insurance fund a list of your insurance periods, attach a photocopy of the evidence to page 3 of your tax return. Print **X** in the **YES** box at *Taxpayer's declaration* on page 6. We will work out your UPP deduction for you. If you are not sure about your UPP entitlement, phone the Superannuation Infoline.

QUESTION *Did you receive a pension from another country?*

ANSWER If you think you are entitled to claim an undeducted purchase price (UPP) deduction for a foreign pension, other than a British, Dutch, Italian or Austrian pension, phone the Superannuation Infoline.

COMPLETING THIS ITEM

Write the deductible amount of your UPP at **Y** item **15** on your tax return.

Do not show cents.

EXAMPLE

Elizabeth received a British National Insurance Scheme category A pension of $6,700. Elizabeth can work out how much UPP deduction she can claim by multiplying her pension by 8%.

$$\$6{,}700 \times \frac{8}{100} = \$536$$

Elizabeth fills in item **15** on her tax return like this:

15	**Deductible amount of undeducted purchase price of a foreign pension or annuity**	**Y** 536.~~00~~

QUESTION 16

COST OF MANAGING TAX AFFAIRS

Did you have expenses:

- **relating to managing your own tax affairs**
- **imposed by the Tax Office as an interest charge**
- **for complying with your legal obligations relating to another person's tax affairs?**

NO ☐ Go to question **17**.

YES ☐ Read below.

QUESTION *What expenses can you claim?*

ANSWER Expenses incurred in managing your own tax affairs include those relating to:

- preparing and lodging your tax return and activity statements – for example:
  - buying tax reference material
  - lodging your tax return through a registered tax agent or the ***TAX****PACK****EXPRESS*** service
  - dealing with the Tax Office about your tax affairs
  - obtaining tax advice from a recognised tax adviser

> NOTE
>
> A recognised tax adviser is a registered tax agent, barrister or solicitor. You cannot claim for the cost of tax advice given by a person who is not a recognised tax adviser.
>
> You can only claim fees paid to a registered tax agent for preparing or lodging your tax return if you incurred them in 2005–06. Generally, you incur the fees in the year you pay them.

- travel, to the extent that it is associated with getting tax advice – for example, the cost of travelling to attend 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 incurred as an interest charge

The Tax Office imposes an interest charge on:

- late payments of taxes and penalties
- the amount of any increase in your tax liability as a result of an amendment to your assessment, and
- the amount of any increase in other tax liabilities, such as goods and services tax (GST) or pay as you go (PAYG) amounts.

You can claim any interest charge we impose if the interest charge was incurred in 2005–06. Interest charges imposed when an income tax assessment is amended are incurred when you are charged the interest. Interest charges in the other situations listed are generally incurred in the year in which the interest accrues.

> NOTE
>
> Tax shortfall and other penalties for failing to meet your obligations are not deductible.

Expenses for complying with your legal obligations relating to another person's tax affairs

This category includes expenses relating to:

- complying with your 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 us about another taxpayer.

COMPLETING THIS ITEM

STEP 1 Add up the amounts of your expenses for managing your own tax affairs, any interest charge 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 **16** on your tax return. Do not show cents.

EXAMPLE

During 2005–06 Lester had a registered tax agent help him fill in his 2005 tax return. The tax agent charged $100. Lester can claim the tax agent's fee at this item.

Lester fills in item **16** on his tax return like this:

16	**Cost of managing tax affairs**	M ,100.~~00~~

QUESTION 17

TOTAL DEDUCTIONS

Did you claim any deductions at items 11 to 16?

NO ☐ Go to question **18**.

YES ☐ Read below.

COMPLETING THIS ITEM

STEP 1 Add up all the amounts at items **11** to **16** on your tax return.

STEP 2 Write the total amount at item **17 TOTAL DEDUCTIONS**. Do not show cents.

QUESTION 18

18

TAXABLE INCOME

COMPLETING THIS ITEM

STEP 1 If you did not have any deductions, transfer your total income amount from item **10** to item **18** on your tax return.

STEP 2 If you had deductions, take away your total deductions amount at item **17** from the total income amount at item **10**. This will give you your taxable income.

STEP 3 Write your answer at item **18 TAXABLE INCOME**. Do not show cents.

QUESTION ***Are you eligible for the low income tax offset?***

ANSWER If your taxable income is less than $27,475, you may get a tax offset.

The maximum tax offset of $235 applies if your taxable income is $21,600 or less. The tax offset amount is reduced by 4 cents for each dollar over $21,600.

You do not have to work out your tax offset. We will work it out for you from your taxable income details. The tax offset will be shown on your notice of assessment. If you want to work it out yourself, you can use the low income tax offset calculator on our website or **worksheet B1** on page 89. **Do not write anything about this tax offset on your tax return.**

Tax offsets

QUESTION 19

SPOUSE

19

Did you have a spouse – married or de facto?

NO ☐ Go to question **20**.

YES ☐ Read below.

STOP

If you maintained a child or a student, **you cannot complete your tax return using *Retirees TaxPack 2006*.** See **Other ways to prepare your tax return** on page 2 for alternative ways to prepare your tax return.

QUESTION ***Can you claim a dependent spouse tax offset?***

ANSWER You can claim a dependent spouse tax offset if you and your spouse – married or de facto – were Australian residents for tax purposes and you maintained your spouse for all or part of the income year. **Maintained** means that:

- you and your spouse lived in the same house, or
- you helped your spouse to pay living, medical, food and clothing expenses.

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 your spouse even if you were temporarily separated from them, for example, due to holidays or if they were away from Australia for a short time.

The maximum spouse tax offset is $1,610. You can claim the maximum amount unless your spouse's separate net income (SNI) was more than $282 for the year.

The tax offset is reduced by $1 for every $4 of your spouse's SNI over $282.

You cannot claim a spouse tax offset if you and your spouse lived together for the whole year and your spouse's SNI was more than $6,721.

NOTE

If you are claiming the spouse tax offset you need to complete **Spouse details—married or de facto** on page 5 and **Your spouse's name** on page 1 of your tax return.

QUESTION ***What is separate net income (SNI)?***

ANSWER Separate net income is income and other specified amounts your spouse earned or received in 2005–06 while you maintained them. It includes salary or wages, interest and dividend income, pensions (including exempt pensions listed on page 14), Department of Veterans' Affairs and most Centrelink payments, and any net capital gain for the income year.

SNI also includes amounts on which tax is not payable. These include some pensions, some scholarships and any maintenance payments your spouse received for their own support after divorce or separation.

SNI does not include:

- lump sum severance or retirement payments of a capital nature or as compensation payments for losing a job
- franking credits attached to franked dividends
- any maintenance payments your spouse received for support of their dependent children
- amounts received under the incentive payments scheme relating to certain private health insurance policies
- carer allowance (but note that carer payments ARE included in SNI)
- one-off carer bonus
- the Japanese internment compensation payments made under the *Compensation (Japanese Internments) Act 2001* or the *Veterans' Entitlements Act 1986*, and
- compensation payments received under the German Forced Labour Compensation Programme (GFLCP).

Your spouse's separate net income may reduce any tax offset you are entitled to claim.

What can reduce your spouse's SNI?

The following expenses and deductions can reduce your spouse's SNI:

- any work-related expenses your spouse incurred in 2005–06 even if they did not lodge a tax return
- any deductions your spouse could claim against interest and dividend income
- any amount your spouse could claim on their 2006 tax return for the deductible amount of the undeducted purchase price of their pension or annuity, or
- any expenses your spouse incurred in 2005–06 for travel to and from work (even if they could not claim the expenses as a deduction).

If any of the above expenses include car expenses, we accept a calculation based on a rate per kilometre multiplied by the actual number of kilometres travelled. For more information about the 'cents per kilometre' method, see question **D1** in *TaxPack 2006*. If this method is used, the 5,000 kilometre limit does not apply for the purpose of calculating your spouse's SNI.

Your spouse must be able to demonstrate that they actually incurred the expenses that reduce their separate net income (SNI).

What doesn't reduce your spouse's SNI?

Your spouse's SNI cannot be reduced by:

- amounts they paid for gifts, donations or tax agent fees
- tax withheld, superannuation contributions or any tax losses brought forward from 2004–05 or earlier years.

Part-year tax offset

You may be entitled to claim a part-year tax offset if, during 2005–06, you and your spouse were Australian residents and:

- you married or entered into a de facto relationship
- you divorced or separated, or
- your spouse died.

Use the steps in the following example to work out your dependent spouse tax offset.

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.

EXAMPLE

Barry and Jenny are married and lived together for the whole year. Jenny received a part pension of $4,350.

Barry can claim a spouse tax offset for Jenny as her total SNI was not more than $6,721. Barry would use the following calculation to work out the amount of dependent spouse tax offset he can claim.

HOW TO WORK OUT YOUR DEPENDENT SPOUSE TAX OFFSET

	Barry	Use these steps to work out your correct tax offset
STEP 1 Write your maximum allowable tax offset at (a). **Note:** If you had a spouse for only part of the year, multiply the number of days you had a spouse by $4.41 a day. Show the answer at (a).	$1,610 for the whole year or $4.41 a day (a) $1,610	(a) $
STEP 2 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 (a) at (f) step 6, then go to step 7. Otherwise, go to step 3.		
STEP 3 If your spouse's SNI was $286 or more, write at (b) their SNI for the year (or for the period you are claiming a spouse tax offset if this is not for the whole year).	(b) $4,350	(b) $
STEP 4 SNI at which the tax offset begins to reduce	(c) $282	(c) $282
Take (c) away from (b).	(d) $4,068	(d) $
STEP 5 Divide the amount at (d) by 4. If your answer includes cents, write only the whole dollar amount at (e).	(e) $1,017	(e) $
STEP 6 Take (e) away from (a). The answer is your allowable tax offset. You cannot claim a tax offset if the amount at (f) is 0 or less.	(f) $593	(f) $
STEP 7 Write your allowable tax offset from (f) at **P** item **19** on your tax return.		

Barry fills in item **19** on his tax return like this:

19 Spouse – married or de facto

To claim the spouse tax offset you must also complete **Spouse details – married or de facto** on page 5 of your tax return.

Tax offsets – do not show cents

P 593.00

Barry also completes **Spouse details – married or de facto** on page 5 and **Your spouse's name** on page 1 of his tax return.

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 2006, you were:

- a male aged 65 years or older, or a male veteran or war widower aged 60 years or older who met the veteran pension age test, or
- a female aged 63 years or older, or a female veteran or war widow aged 58 years or older who met the veteran pension age test.

NOTE

You met the **veteran** pension age test 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, or
- 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 met the veteran pension age test, visit the Department of Veterans' Affairs 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, allowance or benefit from Veterans' Affairs at any time during the 2005–06 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) and 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).

Read on.

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 pension, allowance or benefit from Veterans' Affairs 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.

If you are not sure if you were eligible for a payment you can get further information from the Department of Veterans' Affairs 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 $39,808.
- You did have a spouse, married or de facto, and your and your spouse's combined taxable income* was less than $62,126.
- You did have a spouse, married or de facto, and for some or all of 2005–06 you 'had to live apart due to illness' or because one of you was in a nursing home, and your and your spouse's combined taxable income* was less than $74,974.

* **Combined taxable income** includes your spouse's share for 2005–06 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 above 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, 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.

CONDITION 4 – Not in jail

You meet this condition unless you were in jail for the whole income year.

Were you eligible?

If you meet **conditions 1**, **2**, **3** and **4** described above, you were **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 Australians tax offset. We use your taxable income to work out how much, if any, tax offset you will get. (We only use the combined income amounts in **condition 3** for determining your eligibility, not for working out the amount of your entitlement.)

If you came to this section from **reason 2** in **Do you need to lodge a 2006 tax return?** on page 3, go back to that section. Otherwise you must read question **20** on pages 55–6 and complete item **20** on your tax return.

QUESTION 20

20

SENIOR AUSTRALIANS

CAUTION

If this question applies to you, you must complete this item before you go to the next question.

Were you eligible for the senior Australians tax offset?

If you are unsure, see the eligibility criteria on pages 53–4. If you had a spouse, you will also need to work out if your spouse was eligible.

NO ☐ Go to question **21**.

YES ☐ Read below.

COMPLETING THIS ITEM

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 2005–06, 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 2005–06 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 2005–06 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 $18,334, 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* (ITAA 1936).
- If both **A** and **C** apply to you, and your spouse received an Australian Government pension or allowance listed at question **1** and their taxable income was less than $16,540, 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 $12,494, 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 ITAA 1936.
- If both **A** and **E** apply to you, and your spouse received an Australian Government pension or allowance listed at question **1**, and your spouse's taxable income was less than $11,334, 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 **20** on page 3 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 definition in the NOTE box on page 53), 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 **Y** item **20** on page 3 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 page 5 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* (ITAA 1936) at **T**, if it is not already included in your spouse's taxable income. 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. We use the amounts you write on the spouse details section of your tax return to 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 to you, we do not take your spouse's other credits and tax offsets into account.

EXAMPLE

Sonya is married to Russell and they have lived together for the whole income year. Russell, who is a veteran, has received a service pension. Sonya's taxable income for the 2005–06 year was $20,800 and Russell's was $10,200. They are both over pension age and their combined taxable income was less than $62,126. They were both eligible for the senior Australians tax offset.

Sonya writes tax offset code letter **D** at **N** item **20** on her tax return. She also writes veteran code letter **W** at **Y** item **20** on her tax return.

Sonya completes **Spouse details – married or de facto** on page 5 of her tax return, so any tax offset that Russell does not use will be automatically transferred to her and 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 **20**
- ☐ if required, written your veteran code at **Y** item **20**
- ☐ written your spouse's date of birth at **K** and the relevant amounts at **O**, **P**, **T** and **Q** at **Spouse details – married or de facto** on page 5 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 ITEM?

If you printed a tax offset code letter and a veteran code letter (if applicable) at item **20** on your tax return, go to question **22**. DO NOT complete item **21 Pensioner**.

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 **20** on page 3 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 pages 89–90.

QUESTION 21

PENSIONER

Did you show any income at item 1?
(See question **1** on page 16.)

NO ☐ Go to question **22**.

YES ☐ Read below.

Have you already claimed a tax offset at item 20?

NO ☐ Read below.

YES ☐ Go to question **22**.

COMPLETING THIS ITEM

STEP 1 Find the tax offset code letter that applies to your circumstances in the table below.

TAX OFFSET CODE LETTERS

If at any time during 2005–06 while you were receiving an Australian Government pension or allowance listed at question **1**:	
▪ you were single, widowed or separated	**S**
▪ you and your spouse, married or de facto, lived together	**P**
▪ 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**
What to do 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***

* We use the tax offset codes **J** and **Q** to calculate correct entitlements in certain situations where 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 Centrelink or the Department of Veterans' Affairs (DVA) determined that you and your spouse were separated due to illness. If you are unsure check with Centrelink or DVA.

STEP 2 Print your tax offset code letter in the **TAX OFFSET CODE** box at the right of **O** item **21** on 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 definition in the NOTE box on page 53), read on. Otherwise, go to step 5.

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**

STEP 4 Print your veteran code in the **VETERAN CODE** box at **T** item **21** on your tax return.

STEP 5 If you have used tax offset code (not veteran code) letter **S**, go to the question **Do you want to work out your tax offset?** on the next page.

If your tax offset code letter is **P**, **Q**, **I** or **J**, you must complete **Spouse details – married or de facto** on page 5 of your tax return. Provide relevant details including:

- your spouse's date of birth at **K**
- your spouse's taxable income at **O**. If the 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 the amount is zero, write **0**
- your spouse's Australian Government pension income at **P**. If the amount is zero, write **0**
- your spouse's exempt pension income at **Q**. If the amount is zero, write **0**.

You must also complete **Your spouse's name** on page 1 of your tax return.

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. We use the amounts you write on the spouse details section of your tax return to 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 take it into account when we work out your tax offset.

> **NOTE**
> In working out if there is any unused spouse's senior Australians tax offset or pensioner tax offset available for transfer to you, we do not take your spouse's other credits and tax offsets into account.

EXAMPLE

Faye is not a veteran and lives with her husband who is a veteran. Faye receives a partner service pension in addition to other income. Faye is not eligible for the senior Australians tax offset as she is not yet of age-pension age.

Faye completes item **21** on her tax return like this:

21 Pensioner If you completed **item 20 Senior Australians** above **DO NOT** complete this item.

If you had a spouse during 2005–06 you must also complete **Spouse details – married or de facto** on page 5 of your tax return.

The Tax Office will work out this tax offset amount. Print your code letter in the **TAX OFFSET CODE** box. Read pages 57–8 in *Retirees TaxPack 2006*.

O TAX OFFSET CODE: P

T VETERAN CODE: W

QUESTION ***Do you want to work out your tax offset?***

ANSWER 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 **21** on page 3 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 pages 89–90.

QUESTION 22

SUPERANNUATION ANNUITY AND PENSION

22

Did you receive income from an Australian superannuation annuity or pension (this income is shown at item 2 on your tax return)?

NO ☐ Go to question **23**.

YES ☐ Read below.

You may be entitled to a tax offset equal to 15% of all or part of your taxable superannuation or pension income.

QUESTION ***How do you know if your annuity or pension qualifies for a tax offset?***

ANSWER Your superannuation annuity or pension statement or original superannuation fund documents will tell you if your annuity or pension qualifies for a tax offset. Your statement or documents will show you how much of your annuity or pension is eligible for the tax offset. If you cannot find your documents, or are not sure whether you can claim a tax offset, contact your superannuation provider.

Before working out your Australian annuity or pension tax offset, you will need:

- any deductible amount from item **14** on your tax return
- the rebatable proportion. This is the part of your annuity or pension that may be eligible for the pension tax offset. It may be one, less than one, or zero, depending on the type and amount of annuity or pension. The Tax Office determines the rebatable proportion by measuring your pension or annuity against your reasonable benefit limit (RBL).

  Your rebatable proportion will be one, unless
  - you were issued with an RBL determination stating otherwise, or
  - you were receiving a pension that was previously payable to someone who has died and an RBL determination had been issued for the pension when it originally commenced that showed a rebatable proportion of less than one.

If you need assistance, phone the Superannuation Infoline (see the inside back cover).

How to work out your annuity or pension tax offset

(a) Work through steps 1 to 4 below if:
- you were 55 years of age before 1 July 2005
- you turned 55 years of age on or after 1 July 2005 and your pension started on or after your 55th birthday, or
- you are receiving a death or disability pension at any age.

(b) Work through steps 1 to 9 on the next page if:
- you turned 55 years of age on or after 1 July 2005 and your pension started before your 55th birthday.

COMPLETING THIS ITEM

If you were in one of the categories described at (a) above, work through the steps below. See example 1 on the next page.

STEP 1 Take away any deductible amount (from item **14** on your tax return) from the part of your annuity or pension that is eligible for the tax offset.

STEP 2 Multiply the answer from step 1 by the rebatable proportion of your annuity or pension.

STEP 3 Work out 15% of the answer you got at step 2. This is your tax offset.

STEP 4 Write your annuity or pension tax offset from step 3 at **S** item **22** on page 3 of your tax return. Do not show cents.

You have now completed this item. Go to question **23**.

EXAMPLE 1

Tom, who turned 55 years old on 28 March 2005, received a $17,300 annuity which had a deductible amount of $12,000 in 2005–06. Tom used the following calculation to work out his tax offset:

	Tom's calculations		Your calculations
Amount of his annuity	$17,300	(a)	$
His deductible amount	$12,000	(b)	$
(a) minus (b)	$5,300	(c)	$
Multiply (c) by the rebatable proportion – in Tom's case, that is 1.	$5,300	(d)	$
Multiply (d) by 15%.	$795		$

Tom fills in item **22** on his tax return like this:

22 Superannuation annuity and pension S 795.00

If you were in category (b) under the heading 'How to work out your annuity or pension tax offset' on the previous page because you turned 55 years of age on or after 1 July 2005 and your pension started before your 55th birthday – work through the steps below. See example 2 on the next page.

STEP 1 Work out the amount of your annuity or pension that was paid to you on or after your 55th birthday.

STEP 2 Work out the number of days from your 55th birthday to 30 June 2006.

STEP 3 Work out the number of days from the day your annuity or pension started to 30 June 2006. If it started before 1 July 2005, use 365 days.

STEP 4 Divide the number of days at step 2 by the number of days at step 3.

STEP 5 Multiply any deductible amount (from item **14** on your tax return) by the answer you got at step 4.

STEP 6 Take away the answer you got at step 5 from the answer at step 1.

STEP 7 Multiply the answer you got at step 6 by the rebatable proportion of your annuity or pension. This proportion will be one unless you are issued with a reasonable benefit limit determination stating otherwise.

STEP 8 Work out 15% of the answer you got at step 7. This is your annuity or pension tax offset.

STEP 9 Write your annuity or pension tax offset from step 8 at **S** item **22** on page 3 of your tax return. Do not show cents.

EXAMPLE 2

Rebecca, who turned 55 years old on 21 September 2005, received a $15,250 annuity which was first paid on 1 August 2005 and which had a deductible amount of $10,350 in 2005–06. Rebecca used the following calculation to work out her tax offset:

	Rebecca's calculations		Your calculations
Amount of her annuity	$15,250	(a)	$
Deductible amount	$10,350	(b)	$
Number of days from 21 September 2005 to 30 June 2006	283	(c)	
Number of days from 1 August 2005 to 30 June 2006	334	(d)	
Divide (c) by (d).	0.85	(e)	
Multiply (b) by (e).	$8,797	(f)	$
Deduct (f) from (a).	$6,453	(g)	$
Multiply (g) by the rebatable proportion – in Rebecca's case, that is 1.	$6,453	(h)	$
Multiply (h) by 15%.	$968		$

Rebecca fills in item **22** on her tax return like this:

22 Superannuation annuity and pension S $, 9 6 8 .00

QUESTION 23

PRIVATE HEALTH INSURANCE

23

Did you, or your employer on your behalf, pay the premium for an appropriate private health insurance policy?

NO ☐ Go to question **24**.

YES ☐ Read below.

QUESTION ***What is an appropriate private health insurance policy?***

ANSWER 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. Most health funds are registered but if you are unsure about the status of your health fund, contact them directly or visit the Private Health Insurance Administration Council website at **www.phiac.gov.au** where there is a list of registered funds.

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 **24**.

QUESTION ***What is the private health insurance rebate?***

ANSWER 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 percentage of rebate you may be entitled to claim is determined by the age of the oldest person covered by the policy (see the question **How does the rebate work?** in the next column). The rebate is not affected by your level of income.

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 the options – each for a different period during the year.

If you received your **full entitlement** from your health fund by way of a reduction in your premium through the health fund or a rebate from Medicare you **cannot** claim the rebate on your tax return. The statement you received from your health fund will advise you if you have already taken your full entitlement by premium reduction.

QUESTION ***Were you eligible for the private health insurance rebate?***

ANSWER You were eligible to claim the rebate if you have paid, or your employer has paid for you, the premium for an appropriate private health insurance policy. If two people made payments for the same policy – for example, you made payments from a joint bank account – each person can claim the relevant percentage for the proportion of the premium they paid.

QUESTION ***How does the rebate work?***

ANSWER The rebate is based on the premium you paid, or your employer paid for you, for appropriate health insurance cover, including payments made for cover for more than one income year. Your entitlement will be 30%, 35% or 40% – depending on the age of the oldest person covered by the policy and the number of days they were in the age category.

Age of the oldest person covered by the policy*	Amount of rebate
Less than 65 years	30% of the amount of premium paid
65 years to under 70 years	35% of the amount of premium paid
70 years or older	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.

If your policy was in operation before 1 January 1999 you may be entitled to a higher amount under the Private Health Insurance Incentive Scheme (old incentive scheme). Your health fund statement will advise you if you had an eligible policy under the old incentive scheme by showing 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, see the instructions on our website or phone the Personal Tax Infoline (see the inside back cover).

QUESTION ***Do you need a statement from your health fund to work out the rebate you can claim?***

ANSWER Yes. Your health fund should have sent you a statement showing the premium you have paid and the amount of premium reductions you have received. If you have 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 ask for one.

COMPLETING THIS ITEM

To complete this item you will need:

- your private health insurance statement, and
- the amount of any cash or cheque rebate received from Medicare for your private health insurance.

STEP 1 If you did not receive any cash or cheque rebate from Medicare for your private health insurance premium, transfer the amount at **G** from your statement to **G** item **23** on page 3 of your tax return. If you had more than one policy, add up the amounts at **G** on your statements.

STEP 2 If you received a cash or cheque rebate from Medicare for your private health insurance premium, use the **worksheet** below to work out your entitlement.

WORKSHEET

Amount shown at **G** on your statement	(a)	$
Amount of any cash or cheque payment you have received from Medicare for your private health insurance premium	(b)	$
Take (b) away from (a).	(c)	$
If you had more than one policy, repeat the steps in this worksheet for each policy then add up the amounts at (c) ignoring any negative amount.		

If the amount at (c) is **0** or a negative amount you have already received your full entitlement. Go to question **24**.

If the amount at (c) is positive, this is the tax offset that you are eligible to claim at **G** item **23** on your tax return. Do not include cents.

STEP 3 Complete the **private health insurance policy details** on page 4 of your tax return. See page 67 for how to complete these details.

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 appropriate 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 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 24

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

24

Did you have net medical expenses over $1,500 in 2005–06?

For the 2005–06 income year and later years, the law has been changed to exclude the following payments from qualifying for the tax offset:

- cosmetic operations for which a Medicare benefit is not payable, and
- dental services and treatment which are solely cosmetic.

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

NO ☐ Go to question **25**.

YES ☐ Read below.

STOP

If you paid medical expenses for a dependant other than a spouse, **you cannot complete your tax return using *Retirees TaxPack 2006***. See **Other ways to prepare your tax return** on page 2 for alternative ways to prepare your tax return.

QUESTION ***What are net medical expenses?***

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

The medical expenses can be for:

- you, or
- your spouse – married or de facto – regardless of their income.

You and your spouse must have been Australian residents for tax purposes.

What you can claim

You can claim a tax offset of 20% – 20 cents in the dollar – of your net medical expenses over $1,500. There is no upper limit on the amount you can claim.

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

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

- dentists, orthodontists or registered dental mechanics
- opticians or optometrists, including the cost of prescription spectacles or contact lenses
- a carer who looks after a person who is blind or permanently confined to a bed or wheelchair
- therapeutic treatment under the direction of a doctor
- medical aids prescribed by a doctor
- artificial limbs or eyes and hearing aids
- maintaining a properly trained dog for guiding or assisting people with a disability (but not for social therapy), and
- laser eye surgery.

Expenses which **do not** qualify for the tax offset include payments made for:

- cosmetic operations for which a Medicare benefit is not payable
- dental services or treatment that are solely cosmetic
- inoculations for overseas travel
- non-prescribed vitamins, or health foods
- travel or accommodation expenses associated with medical treatment
- chemist-type items, such as tablets for pain relief, purchased at retail outlets or health food stores
- therapeutic treatment if the patient is not formally referred by a doctor – a mere suggestion or recommendation by a doctor to a patient is not enough; the patient must be referred to a particular person for specific treatment
- contributions to a private health fund
- purchases from a chemist that are not related to an illness or operation
- life insurance medical examinations
- ambulance charges and subscriptions, and
- funeral expenses.

More on cosmetic operations, services and treatment

To find out which operations and dental services and treatment are cosmetic and whether you can claim your payments for them, visit our website **www.ato.gov.au** or phone the Personal Tax Infoline (see the inside back cover).

Nursing home (residential aged care facility) expenses

You can claim payments made to nursing homes or hostels (not retirement homes) if:

- the payments were made to an approved care provider AND
- the payments were made for residential aged care received by an approved recipient AND
- the recipient was assessed as needing care at levels 1 to 7.

If the recipient was not assessed as needing care at levels 1 to 7 but is subsequently reassessed at one of these levels, you can claim a tax offset for payments made from the date the new classification took effect.

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

Residential aged care payments can be for:

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

The tax offset does not cover the following payments:

- lump sum payments of accommodation bonds
- interest derived by care providers from the investment of accommodation bonds (because these are not payments for residential age care)
- payments for people who were residents of a hostel before 1 October 1997 and who did not have a personal care subsidy or a respite care subsidy paid on their behalf at the personal care subsidy rate by the Commonwealth (unless they have subsequently been reassessed as requiring care at levels 1 to 7), and
- payments for people assessed as requiring level 8 care.

WHAT YOU MAY NEED

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

To help you work out medical expenses you have paid, you can ask for an itemised statement from:

- Medicare
- your private health fund
- chemists where you had prescriptions filled.

Some of the items shown on these statements may not qualify for the tax offset. You will need to exclude these items from your claim.

COMPLETING THIS ITEM

To work out your tax offset, you can use the net medical expenses tax offset calculator on our website or follow the steps below.

STEP 1 Add up all your allowable medical expenses. Take away from this total all of the refunds you have received or are entitled to receive. This will give you your net medical expenses amount.

STEP 2 Take $1,500 away from your net medical expenses and divide the remaining amount by 5 (to get 20%). **This is your medical expenses tax offset**.

STEP 3 Write your medical expenses tax offset at **X** item **24** on your tax return. Do not show cents.

EXAMPLE

Tony had a lot of restorative dental work done this year and also bought new prescription glasses. His total medical costs were $2,300 and he received $500 back from his health fund.

Tony worked out his medical expenses like this:

Total medical expenses	$2,300
Less costs covered by health fund	$500
Net medical expenses	$1,800
Subtract $1,500	$1,500
	$300
Tax offset equals 20 cents for every dollar over $1,500 – divide $300 by 5	$60
This is Tony's medical expenses tax offset.	

Tony fills in item **24** on his tax return like this:

24 **20% tax offset on net medical expenses over the threshold amount** **X** ,60.~~00~~

QUESTION 25

TOTAL TAX OFFSETS

25

Did you claim any tax offsets at items 19 to 24?

NO ☐ Go to question **26**.

YES ☐ Read below.

COMPLETING THIS ITEM

STEP 1 Add up all the tax offset amounts at items **19**, **22**, **23** and **24** on your tax return. If you are claiming the senior Australians tax offset at item **20** or the pensioner tax offset at item **21**, we will make sure your assessment includes your correct tax offset amount. Do not include either of these items in the total.

STEP 2 Write the total amount at item **25 TOTAL TAX OFFSETS**. Do not show cents.

Low income tax offset

If your taxable income is less than $27,475, you may get a tax offset.

The maximum tax offset of $235 applies if your taxable income is $21,600 or less. This amount is reduced by 4 cents for each dollar over $21,600.

Mature age worker tax offset

If you are an Australian resident aged 55 years or older on 30 June 2006 and you have net income from working within certain limits, 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.

NOTE

With the exception of the private health insurance rebate and the franking tax offset (which applies to franking credits on dividends paid to you) tax offsets can only reduce the amount of tax you pay to zero. If your tax offsets – other than the private health insurance rebate and the franking tax offset – exceed your tax payable, the excess does not become a refund.

Private health insurance policy details

PH

If question **23** or **27** asked you to complete this item because you paid, or your employer paid for you, a premium for an appropriate private health insurance policy to a registered fund, you must complete **Private health insurance policy details** on page 4 of your tax return.

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 because your employer paid the premium for you, contact your fund or speak to your employer.

You may be covered under a family policy even though you or your employer may not have paid the premium. You can complete this item showing the type of cover that you had under that family policy.

To check if your health fund is registered, visit the Private Health Insurance Administration Council website at **www.phiac.gov.au**

COMPLETING THIS ITEM

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 Write 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 in the next column that describes the type of private health insurance cover you had.

Type of cover	Code
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 Medicare levy surcharge may be reduced. Make sure you carefully read question **27 Medicare levy surcharge** on pages 72–6.

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.

QUESTION ***Did you have more than one policy during 2005–06?***

ANSWER If you had more than one policy during 2005–06 you will need to complete steps 1 to 3 for each policy. If you had more than three policies during 2005–06, complete steps 1 to 3 for the first three policies, then 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 health fund 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* on page 6 of your tax return. Sign and attach your schedule to page 3 of your tax return.

EXAMPLE

Kel had a policy with Credicare Health Fund (**Health fund ID** – CPS) which provided hospital cover. During the year he changed his policy to include ancillary cover. His membership number is 1234567.

Kel fills in **Private health insurance policy details** on his tax return like this:

PRIVATE HEALTH INSURANCE POLICY DETAILS **Page 67 in *Retirees TaxPack 2006* will help you to correctly fill in your details.**

You must provide the details for each policy if item **23** or **27** asked you to complete this section.

Health fund ID	Membership number	Type of cover
B CPS	C 1234567	C
B	C	
B	C	

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.

MEDICARE LEVY REDUCTION OR EXEMPTION

In some cases you may be exempt from the levy or it may be reduced – this is the subject of question **26**. You only need to complete this item if you belong to an exemption category or you are able to claim a reduction based on family income. Read pages 69–71 to work out if you are eligible for the exemption or the reduction based on family income.

MEDICARE LEVY SURCHARGE

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 **27**. 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 72–6 to see if you have to pay the surcharge.

ITEM 27 IS COMPULSORY FOR ALL TAXPAYERS.
If you do not complete item **27** on your tax return you may be charged the full Medicare levy surcharge.

QUESTION 26

26

MEDICARE LEVY REDUCTION OR EXEMPTION

Were you a low income earner (see below) or were you in one of the Medicare levy reduction or exemption categories listed on the next page?

NO ☐ Go to question **27**.

YES ☐ Read below.

STOP

If you were a resident of Norfolk Island, or have a certificate from the Medicare Levy Exemption Certification Unit of Medicare Australia (previously Health Insurance Commission) showing that you are not entitled to Medicare benefits, **you cannot complete your tax return using *Retirees TaxPack 2006*** – see **Other ways to prepare your tax return** on page 2 for alternative ways to prepare your tax return.

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 the amount you wrote at item **18 TAXABLE INCOME** on your tax return.

LOW INCOME EARNER AND MEDICARE LEVY REDUCTION CATEGORIES

	Relevant threshold amount	Phase-in limit
If you are eligible for the senior Australians tax offset (see pages 53–4)	$21,968	$23,749
If you are eligible for the pensioner tax offset (see pages 57–8)	$19,583	$21,170
All other taxpayers	$16,284	$17,604

You do not need to complete this item if your taxable income was:

- equal to or less than the relevant threshold amount shown in the table above. **You do not have to pay the Medicare levy**. Do not write anything at item **26** on your tax return. Go to question **27**
- more than the relevant threshold amount but equal to or less than the phase-in limit. In either case, **your Medicare levy is reduced** – calculated at 20 cents for every dollar above the relevant threshold amount but at or below the phase-in limit. We will work this out for you. Go to **Medicare levy exemption categories** on the next page to see if you are entitled to an exemption.

You also do not need to complete this item if you had a spouse – married or de facto on 30 June 2006, or your spouse died during 2005–06, and the combined taxable income of you and your spouse was:

- if you are eligible for the senior Australians tax offset (see pages 53–4), more than $31,729 but less than $34,302 OR
- if you are not eligible for the senior Australians tax offset, more than $27,478 but less than $29,706.

Your Medicare levy is reduced. Make sure that you complete **Spouse details – married or de facto** on page 5 of your tax return. Provide relevant details, including your spouse's taxable income at **O** on that page. If your spouse had no taxable income write **0**. You must also complete **Your spouse's name** on page 1 of your tax return. You need to complete your spouse details even if your spouse died during the income year.

We will work out your reduced Medicare levy for you. Read on to see if you are also entitled to an exemption.

NOTE

If the taxable income of your spouse includes any post-June 1983 elements of an eligible termination payment where the maximum rate is zero, this amount is not included in their taxable income for Medicare levy purposes. If you are unsure of the tax rate, phone the Superannuation Infoline (see the inside back cover) for assistance. Print SCHEDULE OF ADDITIONAL INFORMATION – ITEM 26 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* on page 6 of your tax return. Sign and attach your schedule to page 3 of your tax return.

If the above points do not apply, you may still be entitled to a Medicare levy exemption. Read on.

Medicare levy exemption categories

If you were in one of the following categories you may be exempt or partially exempt from paying the Medicare levy:

- 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, or
- you were a blind pensioner or you received the sickness allowance from Centrelink.

The Department of Veterans' Affairs or Centrelink will provide you with a statement or *PAYG payment summary – individual non-business* that shows you the number of days you were in a Medicare levy exemption category.

COMPLETING THIS ITEM

STEP 1 You qualify for a full levy exemption if you were in one of the Medicare levy exemption categories and either you did not have a spouse or your spouse was also in an exemption category, or your spouse had to pay the Medicare levy. If this is the case, go to step 2. Otherwise, go to step 3.

STEP 2 Write the total number of days that you were in the full Medicare levy exemption category at **V** item **26** on your tax return. If the number of days you wrote at **V** is less than 365, and you were in one of the exemption categories, you may qualify for a half levy exemption for the whole or part of that other period. Go to step 3.

STEP 3 You qualify for a half levy exemption if you were in one of the Medicare levy exemption categories and you had a spouse who was not in an exemption category and who did not have to pay the Medicare levy because of the low income earner threshold. If this is the case, go to step 4. Otherwise, go to step 5 on the next page.

STEP 4 Write the total number of days that you are entitled to a half levy exemption from paying the Medicare levy at **W** item **26**. Go to step 5 on the next page.

EXAMPLE 1

Rupert receives a Department of Veterans' Affairs part pension. His *PAYG payment summary – individual non-business* shows that he was in a Medicare levy exemption category for the full year – 365 days. Rupert does not have a spouse.

Rupert fills in item **26** on his tax return like this:

26 Medicare levy reduction or exemption

NOTE
Only certain taxpayers are entitled to a Medicare levy reduction or exemption. Read question **26** in *Retirees TaxPack 2006* to work out if you are eligible to claim.

Exemption categories

Full 1.5% levy exemption – number of days **V** 3 6 5

Half 1.5% levy exemption – number of days **W**

If you have completed item **26** and had a spouse during 2005–06 you must also complete **Spouse details – married or de facto** on page 5 of your tax return.

EXAMPLE 2

Dulcie is blind and receives an age pension. With her payment summary she received a statement showing that she was in a Medicare levy exemption category for 310 days. Dulcie's husband, who is eligible for the senior Australians tax offset, did not have to pay the Medicare levy because his taxable income was below $21,968.

Dulcie fills in item **26** on her tax return like this:

26 Medicare levy reduction or exemption

NOTE
Only certain taxpayers are entitled to a Medicare levy reduction or exemption. Read question **26** in *Retirees TaxPack 2006* to work out if you are eligible to claim.

Exemption categories

Full 1.5% levy exemption – number of days	V	
Half 1.5% levy exemption – number of days	W	310

If you have completed item **26** and had a spouse during 2005–06 you must also complete **Spouse details – married or de facto** on page 5 of your tax return.

STEP 5 If you had a spouse at any time during 2005–06, complete **Spouse details – married or de facto** on page 5 of your tax return. Write your spouse's taxable income at **O** on that page. If your spouse had no taxable income write **0**. You must also complete **Your spouse's name** on page 1 of your tax return. This applies even if your spouse died during the year.

NOTE
Some of the amounts in this question reflect proposed changes to Medicare levy thresholds for 2005–06. At the time of printing *Retirees TaxPack 2006* 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. If you wish to calculate it, you can use the Medicare levy calculator on our website or the worksheet on pages 91–3.

QUESTION 27

MEDICARE LEVY SURCHARGE

27

THIS QUESTION IS COMPULSORY FOR ALL TAXPAYERS.

For the whole of 2005–06 did you and your spouse – married or de facto (if you had one) – 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** in the next column.

YES ☐ Print **X** in the **YES** box at the right of **E** item **27** on your tax return. Make sure you have completed **Private health insurance policy details**. See page 67 for assistance. Go to **Check that your tax return is complete** on page 78.

NO ☐ Print **X** in the **NO** box at the right of **E** item **27** on your tax return. Read below.

STOP

If you maintained a child under 21 years of age or a full-time student under 25 years or if you have received an amount on which family trust distribution tax has been paid, **you cannot complete your tax return using *Retirees TaxPack 2006*** – see **Other ways to prepare your tax return** on page 2 for alternative ways to prepare your tax return.

For the whole of 2005–06 were you:

- **a single person with a taxable income for Medicare levy surcharge (MLS) purposes of $50,000 or less**

OR

- **married or in a de facto relationship and your combined taxable income for MLS purposes was $100,000 or less?**

NO ☐ You may have to pay the surcharge. Print **X** in the appropriate **NO** box at item **27** on your tax return. If you had a spouse during 2005–06 you may also have to complete your spouse details on page 1 of your tax return. Go to **You need to know** in the next column.

YES ☐ You do not have to pay the surcharge for any part of the year. Print **X** in the appropriate **YES** box at item **27** on your tax return. Go to **Completing this item** on page 75.

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 2005–06 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' amount or excess of more than $500 in the case of a policy covering only one person, and more than $1,000 for 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 amount 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 amount or an excess. Your health fund may include details of the level of front-end deductible amount 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, contact the Private Health Insurance Administration Council or visit their 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.

Dependant – includes your spouse.

Family – we consider you to be a member of a family during any period of 2005–06 that you contributed to the maintenance of a dependant.

Spouse – married or de facto – if you are living separately and apart from your spouse, we treat you as not being married.

Taxable income for Medicare levy surcharge (MLS) purposes – is the total of:

- your taxable income
- your total reportable fringe benefits amounts.

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 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 eligible termination payment 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 2006, or a bankrupt, or a person who has been declared legally incapable because of a mental condition.

QUESTION *When don't you have to pay the surcharge?*

ANSWER You do not have to pay the surcharge if you were in an exemption category for the whole of 2005–06 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 2005–06.

For more information on the exemption categories for the Medicare levy, read page 70. If the paragraph in the previous column applies to you, go to **Completing this item** on page 75.

You do not have to pay the surcharge if you had private patient hospital cover for the whole of 2005–06 and you did not have any dependants or, if you had dependants, they also all had private patient hospital cover for the whole of 2005–06 and/or they were all in an exemption category. If this applies, go to **Completing this item** on page 75.

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 dependants, if any, were not in an exemption category at any time during 2005–06, 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 dependants did not have private patient hospital cover. Examples 1 and 2 may help you work this out. Go to **Completing this item** on page 75.

EXAMPLE 1: Part-year private patient hospital cover

Ashley is not married and in 2005–06 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 2005. 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 2005 to 30 June 2006 (198 days).

Ashley will write the number of days in 2005–06 that he is NOT liable for the surcharge – **198** – at **A** item **27** 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. Kathy and Mark were not in a Medicare levy exemption category at any time during the year. Kathy was covered by private patient hospital cover for the full income year. Mark had his name added to the policy on 10 December 2005.

Kathy and Mark had a combined taxable income for Medicare levy surcharge (MLS) purposes of $115,000. Because not everyone was covered for the period 1 July 2005 to 9 December 2005, 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 2005–06 that they were NOT liable for the surcharge – **203** – at **A** item **27** on their tax returns and complete **Private health insurance policy details**.

QUESTION ***When do you have to pay the surcharge?***

ANSWER You will have to pay the surcharge for any period during 2005–06 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 of more 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 2005–06) was above $100,000.

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.

It is possible that both the single and family surcharge thresholds applied to you at different periods during 2005–06 because your circumstances changed during the year – see **What if your circumstances changed during the year?** in the next column. However, if only one of the surcharge thresholds – single or family – applied to you for the whole of 2005–06 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 item** on the next page. Otherwise, read on
- your 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** $16,284, you are not liable for the surcharge for any part of the year. (This amount reflects a proposed change to the law for 2005–06 which at the time of printing *Retirees TaxPack* had not become law.) However, your spouse may still be liable for the surcharge. Go to **Completing this item** on the next page. 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 2005–06 income year if for the whole of 2005–06 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 70.

  Go to **Completing this item** on the next page.

QUESTION ***What if your circumstances changed during the year?***

ANSWER 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 MLS for any period during 2005–06 that you:

- were single (that is, you had no spouse) – apply the single surcharge threshold of $50,000 to your own taxable income for MLS purposes
- had a spouse – apply the family surcharge threshold of $100,000 to your own taxable income for MLS purposes (example 3 may help you).

EXAMPLE 3: Spouse for part of the year

Sally separated from Adrian on 12 October 2005 and stayed single. Neither Sally nor Adrian had any dependent children. Sally and Adrian were dependants of each other for Medicare levy surcharge (MLS) purposes only for the period they were together. For 2005–06, 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 2005–06.

As they are considered to be a family for the period 1 July 2005 to 12 October 2005, they are each entitled to the family surcharge threshold of $100,000 for this period. For the period 1 July 2005 to 12 October 2005, 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 2005 to 30 June 2006 – 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 **27** on his tax return.

Sally is liable to pay the surcharge for the period 13 October 2005 to 30 June 2006 – 261 days – because her taxable income for MLS purposes was $60,000. Sally will write **104**, the number of days in 2005–06 that she is NOT liable for the surcharge, at A item **27** on her tax return.

COMPLETING THIS ITEM

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 2005–06 or your spouse died during the year
- The number of days you and all your dependants had private patient hospital cover during 2005–06
- Your private health insurance policy details
- The number of days you do NOT have to pay the surcharge

STEP 1 If you and your spouse had private patient hospital cover for the whole of 2005–06, print **X** in the **YES** box at the right of E item **27** on page 4 of your tax return. Make sure you also complete **Private health insurance policy details**. See page 67 for assistance. You have now finished this question. Go to **Check that your tax return is complete** on page 78.

If you and 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 **27** on page 4 of your tax return. Go to step 2.

STEP 2 Write the number of days during 2005–06 that you do NOT have to pay the surcharge at A item **27**.

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 2005 to 30 June 2006 write **365** at A.

If you have to pay the surcharge for:

- the whole period 1 July 2005 to 30 June 2006, write **0** at A
- part of the period 1 July 2005 to 30 June 2006, write the number of days you do NOT have to pay the surcharge at A.

STEP 3 If you had a spouse during 2005–06 and you and your spouse were not covered by private patient hospital cover for the full year, complete **Spouse details – married or de facto** on page 5 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** on page 5 of your tax return included any post-June 1983 elements of an eligible termination payment where the maximum tax rate is zero, print SCHEDULE OF ADDITIONAL INFORMATION – ITEM 27 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* on page 6 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 4 If you had private patient hospital cover for any part of the year you must complete **Private health insurance policy details**. See page 67 for assistance.

You have now completed this question. Go to **Check that your tax return is complete** on page 78.

DO YOU WANT TO WORK OUT YOUR MEDICARE LEVY SURCHARGE (MLS)?

You do not have to work out your MLS 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 93.

Spouse details – married or de facto

SD

SPOUSE DETAILS – MARRIED OR DE FACTO

You must complete **Spouse details – married or de facto** on page 5 of your tax return if you had a spouse during 2005–06, and you completed any of the items listed below.

Did you complete any of the following items?

19 Spouse tax offset
20 Senior Australians tax offset
21 Pensioner tax offset
26 Medicare levy reduction or exemption
27 Medicare levy surcharge – and you printed **X** in the **NO** box at **E**

NO ☐ You do not need to complete this section. Go to **Check that your tax return is complete** on the next page.

YES ☐ Read below.

WHAT YOU MAY NEED

- Your spouse's *PAYG payment summary – individual non-business*
- The relevant distribution statements, if any, for trust income and family trust distribution tax

YOU NEED TO KNOW

The information on this page will help you complete **Spouse details – married or de facto** on page 5 of your tax return.

You may have had more than one spouse during 2005–06. The details you use to complete this section should be the details for your spouse on 30 June 2006, or your latest spouse.

COMPLETING THIS SECTION

STEP 1 Print your spouse's name in the boxes provided on page 1 of your tax return.

STEP 2 Print your spouse's date of birth at **K** on page 5 of your tax return.

STEP 3 If you had a spouse for the full year – 1 July 2005 to 30 June 2006, print **X** in the **YES** box at **L**. If you did not have a spouse for the full year, print **X** in the **NO** box at **L** and write the dates you had a spouse between 1 July 2005 and 30 June 2006 at **M** and **N**.

STEP 4 Did you complete item 19, 20, 21, 26 or 27 on your tax return?

NO ☐ You have finished this section.

YES ☐ Read on.

The following table shows which details relating to your spouse's income you need to complete.

If you have completed:	you need to complete:
item **19**	**R**
item **20** or **21**	**O**, **T**, **P** and **Q**
item **26** (**V** or **W**)	**O**
item **27** and you printed **X** in the **NO** box at **E**	**O**, **T**, **U** and **S** if you had a spouse for all of 2005–06 or your spouse died during the year

Label O Write at **O** your spouse's 2005–06 taxable income. Do not show cents. If this amount is zero, write **0**. This amount can usually be obtained from your spouse's tax return or notice of assessment. If your spouse does not have to lodge a tax return, please provide an estimate of their taxable income.

Label T Write at **T** 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. Do not show cents. If this amount is zero, write **0**. Check the trust distribution statements.

Label U Write at **U** distributions to your spouse on which family trust distribution tax has been paid which your spouse would have had to show as assessable income if the tax had not been paid. Do not show cents. If this amount is zero, write **0**. Check the trust distribution statements.

Label S Add up the reportable fringe benefits amounts shown on your spouse's payment summaries and write the total at **S**. Do not show cents. If this amount is zero, write **0**.

Label P Write at **P** the amount of Australian Government pensions and allowances that your spouse received in 2005–06 (not including **exempt pension** income). Do not show cents. If this amount is zero, write **0**. Australian Government pensions and allowances are listed on page 16.

Label Q Write at **Q** the amount of any exempt pension income that your spouse received in 2005–06. Make sure you only include your spouse's **exempt pension** income. Do not show cents. If this amount is zero, write **0**. Exempt income is listed on pages 14–15.

Label R Write at **R** your spouse's 2005–06 separate net income. Do not show cents. If this amount is zero, write **0**. See pages 51–2 for information on separate net income.

If you cannot find out any of the amounts required, you may make a reasonable estimate.

CHECK THAT YOUR TAX RETURN IS COMPLETE

Use this checklist to make sure your tax return is complete before you lodge it with the Tax Office. Please use the pre-addressed envelope provided with your *Retirees TaxPack 2006* to lodge your tax return.

If you don't have a pre-addressed envelope, see the next page for the address to use.

CHECK THAT YOU HAVE...

- ☐ read page 2 to confirm that you can use *Retirees TaxPack 2006*
- ☐ 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
- ☐ entered totals at items **5**, **10**, **17**, **18** and **25**
- ☐ filled in the code boxes – if you were asked to do so – at items **20** and **21**
- ☐ attached to page 3 of your tax return copies of:
  - all PAYG payment summaries – individual non-business, for example, from Centrelink, superannuation pension funds, other payers
  - all letters or statements from your payers that detail income and tax withheld
  - any statutory declarations required
- ☐ included other attachments as instructed by any section or question
- ☐ completed item **27** of your tax return – this item is compulsory for all taxpayers
- ☐ completed **Spouse details – married or de facto** if required
- ☐ read **Self-assessment – it's your responsibility** on page 10
- ☐ read, completed, signed and dated the *Taxpayer's declaration* on page 6 of your tax return, and
- ☐ kept copies of your tax return, all attachments and relevant papers for your own records.

WHEN CAN YOU EXPECT YOUR NOTICE OF ASSESSMENT?

Our current standard processing time for tax returns is six weeks. To allow for time in the mail, please wait seven weeks. After that time you can phone the automated self-help service (see the inside back cover) to check the progress of your tax return. This service is available 24 hours a day. You will need to key in your tax file number using your telephone keypad.

LODGING YOUR TAX RETURN

LODGING BY MAIL

To make sure we can process your tax return as quickly as possible, use the pre-addressed envelope enclosed with your copy of *Retirees TaxPack 2006*. The address shown on the pre-addressed envelope is the official lodgment address. If you post your tax return to an address other than this, you may experience delays.

Only use this envelope for lodging your tax return (and its attachments) 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 pages 95–6).

If you did not receive an envelope with your *Retirees TaxPack 2006*, or you have misplaced it, please post your tax return in a business-sized envelope to:

Australian Taxation Office
GPO Box 9845
IN YOUR CAPITAL CITY

The address must appear on your envelope exactly as shown above. 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 if posted within Australia.

> NOTE
>
> The ***TAX**PACK**EXPRESS*** service is no longer available. If you lodged your tax return using ***TAX**PACK**EXPRESS*** in previous years, we recommend you use e-tax. In most cases, tax refunds are issued within 14 days.

LODGING FROM OVERSEAS

To lodge a paper tax return from outside Australia, use the pre-addressed envelope with the following alteration:

cross out **IN YOUR CAPITAL CITY** and replace with

SYDNEY NSW 2001
AUSTRALIA

It will assist us if you cross out the barcode above the address.

Alternatively, you can use e-tax to lodge the *Tax return for individuals 2006* over the internet. Most tax returns lodged using e-tax are processed within 14 days. To find out how to lodge your tax return using e-tax, visit our website.

> NOTE
>
> Before you lodge your tax return, make sure you have read **Self-assessment—it's your responsibility** on page 10.

WHAT HAPPENS AFTER YOU LODGE YOUR TAX RETURN?

After we process your tax return, we will send you a notice of assessment.

Your notice of assessment is an itemised account of the amount of income tax you owe on your taxable income, taking into account any tax offsets to which you are entitled. Your notice of assessment also contains other details which are not part of the assessment, such as the amount of credit for tax you have already paid through the year.

When you receive your notice of assessment check it to make sure that everything is correct.

Unless you are using electronic funds transfer, the bottom section of your notice of assessment will be either your refund cheque or, if you owe tax, your payment advice.

> INFORMATION
>
> **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.

WHAT IF YOU MADE A MISTAKE OR YOU THINK YOUR ASSESSMENT IS WRONG?

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, 2006
- the tax return item number and description affected by the change
- the amount of income or deductions to be added or taken away, if relevant
- the amount of tax offsets to be increased or decreased, if relevant
- 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.

IS THERE ANY TIME LIMIT FOR YOU TO REQUEST AN AMENDMENT?

If you are eligible for a two-year amendment period, you must request an amendment within two years of the date the Commissioner issued your notice of assessment. If a four-year amendment period applies to you, you must request an amendment within four years (see page 10 for more information).

WILL YOU HAVE TO PAY A PENALTY?

If, after lodging your tax return, you voluntarily tell us that you made a mistake and the amendment will result in your paying more tax, we will, in most cases, impose a lower penalty than would otherwise have been imposed.

If you made a mistake because we stated the tax law incorrectly in *Retirees TaxPack*, we won't charge you a penalty or interest, or ask you to pay the missing tax.

If you made the mistake because anything else in *Retirees TaxPack* is wrong or misleading, we may ask you to pay the missing tax but we won't charge you any penalty or interest.

If you have used *Retirees TaxPack* properly, as explained on the inside front cover, and have made an honest mistake, we won't charge you a penalty. You will, though, have to pay the missing tax and you may have to pay interest.

It is very important that your letter explains why you made the mistake, so that we can assess any penalty or interest charge correctly. Make sure you attach to your letter any additional information that applies to your amendment.

WHERE DO YOU SEND YOUR AMENDMENT REQUEST?

Post your letter and attachments to the tax office that sent your notice of assessment. Keep a copy of your letter for your records. Do not send in another tax return unless we ask you to.

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 us and object to your assessment.

If you want to object to your assessment see the fact sheet on how to lodge an objection on our website, or to find out how to get a printed copy, see the inside back cover.

Generally, you must lodge your objection within the two-year or four-year amendment period, whichever applies to you.

ASKING ABOUT YOUR ASSESSMENT OR OTHER TAX AFFAIRS

If you have an enquiry about your tax assessment or other tax affairs, you can contact us.

IT'S EASIER BY PHONE

When you phone we will ask you to provide information to prove your identity – for example, details from a recent notice of assessment. Please note that if we ask you to provide your tax file number (TFN), this is not compulsory.

If you want a representative to phone on your behalf, you must provide authorisation to us beforehand. Your representative will need to quote this authorisation and also provide information to prove their identity.

This requirement is to protect your privacy.

Phone tips

If you are phoning us, the following tips will help you to get quicker and more efficient service:

- see the inside back cover for the correct phone number to use
- avoid phoning during the busy times. The busiest times are Mondays, the days after public holidays, and between 10.00am and 2.00pm each day
- your call will be placed in a queue and answered by the first available operator. Do not hang up. If you hang up and redial, you will be placed at the end of the queue
- have near the phone *Retirees TaxPack 2006* and any taxation documents you want to talk about. Have a pen and paper handy so you can take down any relevant information
- check that it is the Tax Office that you need to contact. Our contact details will be included on any official documents or letters we send you.

IF YOU WRITE

Provide your full name and your address. Please provide your phone number if it is convenient. You could include your TFN, but it is not compulsory. Remember to sign the letter.

IF YOU VISIT

If you prefer to make your enquiry in person, we request that you make an appointment by phone. The number to phone for an appointment is **13 28 61**. Bring along your most recent notice of assessment. If you do not have a notice of assessment, you may quote your TFN (but this is not compulsory) or bring a letter from the Tax Office. You should also bring some identification that has your photograph, such as your drivers licence or passport.

If you want a representative to visit on your behalf, they must show a letter of authorisation and provide proof of their identity.

PRIVACY AND ACCESS TO INFORMATION

COLLECTING YOUR TAX INFORMATION

The Tax Office is authorised by the *Taxation Administration Act 1953* to request you to quote your tax file number (TFN). It is not an offence not to quote your TFN. However, your assessment may be delayed if you do not quote your TFN.

The Tax Office is also authorised by the *Income Tax Assessment Act 1936*, the *Income Tax Assessment Act 1997* and the *A New Tax System (Family Assistance) (Administration) Act 1999* to ask for the other information on your tax return. We need this information to help us to administer the taxation laws.

WHO ELSE CAN BE GIVEN YOUR TAX INFORMATION?

We can give your information to some government agencies specified in tax law, for example:

- benefit payment agencies such as Centrelink, the Department of Education, Science and Training, and the Department of Families, Community Services and Indigenous Affairs
- law enforcement agencies such as state and federal police
- other agencies such as the Child Support Agency, the Australian Bureau of Statistics and the Reserve Bank of Australia.

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 the tax laws.

Otherwise, we can give your information only to you or to someone you have appointed to act for you.

HOW DO WE PROTECT YOUR TAX INFORMATION?

The tax law has secrecy provisions that prohibit officers (including employees and contractors) of the Tax Office or of 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 TFNs, no matter who holds them.

WHO CAN ASK 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, higher education institutions 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 we have handled your personal information, phone the Personal Tax Infoline (see the inside back cover).

If you are unable to resolve your concerns with us about how we have handled your personal information, you can contact the Privacy Commissioner's office by visiting their website at **www.privacy.gov.au** or by phoning the privacy hotline **1300 363 992**.

FREEDOM OF INFORMATION

The *Freedom of Information Act 1982* (FOI Act) 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 us may involve a charge.

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 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 2006, unless you have been given a deferral of time to lodge, or your tax 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 2006.

If you lodge your tax return on time, any tax payable will be due the later of:

- 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 it is lodged by 31 October 2006, any tax payable will be due no earlier than 21 November 2006
- have contacted the Tax Office and have 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?

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 your notice of amended assessment to you.

You will also be liable to pay a shortfall interest charge (SIC) from the due date of your original assessment to the day before the issue of the notice of amended assessment. Where your original assessment did not have a due date because there was no tax payable, the SIC is calculated from the day tax would have been payable if there had been any tax due. The SIC will also be due 21 days after the Commissioner gives your notice of amended assessment to you.

GIC will continue to apply to any unpaid amount of the amended assessment and the SIC after the due date for the amended assessment.

WHERE DO YOU PAY YOUR TAX DEBT?

We do not accept payments over the counter at Tax Office shopfronts. Information about payment options is on the back of your notice of assessment. 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 THE 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 debt 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 pay future tax debts on time.

If we agree to defer the time for payment, general interest charge (GIC) will not apply until after the deferred date for payment. Alternatively, if we allow you to pay by instalments, we will charge you 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 SERIOUS HARDSHIP?

Serious hardship exists when you are unable to provide food, accommodation, clothing, medical treatment, education and 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 information and an application form – phone the Account Management Infoline on **13 11 42**.

DEALING WITH THE TAX OFFICE

It is important that you are aware of both your rights and your obligations when dealing with us.

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 we have made, or with one of our services or actions, you have the right to complain.

We recommend that you first try to resolve the issue with the tax officer you have been dealing with (or phone the contact 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 40
  Dandenong VIC 3175
- lodging online at **www.ato.gov.au**
- emailing **ATO-TaxpayerComplaints@ato.gov.au** – if you send a complaint by email, please do not include sensitive personal information (such as your tax file number) as your email will not be secure during its transmission
- sending a FREEFAX to **1800 060 063**.

THE COMMONWEALTH OMBUDSMAN

If you are not satisfied with our decisions or actions, you can raise the matter with the Commonwealth Ombudsman. Before looking into a matter for you, the Commonwealth Ombudsman may ask you to go to our 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 **1300 362 072**
- visiting the office nearest to you (there are offices in all Australian capital cities), or
- writing to:
  The 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**, or
- writing to:
  The Privacy Commissioner
  GPO Box 5218
  Sydney NSW 2001

HOW WE WORK OUT YOUR TAX

INCOME	You show this amount at item **10 TOTAL INCOME** on your tax return.
minus	
ALLOWABLE DEDUCTIONS	You show this amount at item **17 TOTAL DEDUCTIONS** on your tax return.
equals	
TAXABLE INCOME	You show this amount at item **18 TAXABLE INCOME** on your tax return. We use this total amount to work out **TAX ON TAXABLE INCOME**. If you want to work it out, see the next page.
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 88–9.
minus	
TAX OFFSETS	You show most tax offsets at item **25 TOTAL TAX OFFSETS** on your tax return. If you are entitled to a low income, mature age worker, senior Australians or pensioner tax offset, we work it out for you. You can estimate some tax offsets yourself using either the calculators on our website or the worksheets on pages 89–91. Refundable tax offsets are included below in the amount for tax credits and refundable tax offsets.
equals	
NET TAX PAYABLE	
plus	
HELP AND SFSS REPAYMENTS	If you have a Higher Education Loan Programme (HELP) 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.
plus	
MEDICARE LEVY AND SURCHARGE	We work these out from items **26** and **27** on your tax return. If you want to estimate them, use the calculator on our website or the worksheets on pages 91–3.
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) and any refundable tax offsets, that is, any franking credit from item **8** or any amount shown at item **23**.
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. These amounts will appear on your notice of assessment as ‘Other amounts payable’.

WORKING OUT YOUR TAX REFUND OR TAX DEBT

WHAT YOU NEED TO KNOW BEFORE YOU CAN WORK 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 on your tax return and advise you of the result on 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 calculator on our website or follow the instructions on the following pages.

There are some situations where we cannot show you how to work out your tax refund or tax debt because the nature of the calculation is too complex to explain here.

These are situations where you:
- had income subject to capital gains tax
- are entitled to use the unused portion of your spouse's pensioner or senior Australians tax offset.

WORKING OUT YOUR TAX REFUND OR TAX DEBT

To do this you need to work out:
- the tax on your taxable income – see **Part A**
- your low income tax offset, if any – see **Part B**
- your senior Australians or pensioner tax offset, if any – see **Part C**
- your mature age worker tax offset, if any – see **Part D**
- your Medicare levy amount, if any – see **Part E**
- your Medicare levy surcharge amount, if any – see **Part F**.

When you have worked out these components, the FINAL WORKSHEET on page 94 shows you how to work out your refund or tax debt.

PART A

TAX ON TAXABLE INCOME

To work out the tax on your taxable income use **table A1** below and **worksheet A1** on the next page.

TABLE A1

Taxable income	Tax on this income
$1–$6,000	Nil
$6,001–$21,600	15 cents for each $1 over $6,000
$21,601–$63,000	$2,340 + 30 cents for each $1 over $21,600
$63,001–$95,000	$14,760 + 42 cents for each $1 over $63,000
$95,001 and over	$28,200 + 47 cents for each $1 over $95,000

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 A1** on the next page.

Income amount and tax on it:
- $6,000 is nil
- $21,600 is $2,340
- $63,000 is $14,760
- $95,000 is $28,200

EXAMPLE A1

Sam had a taxable income of $28,682 for 2005–06. He works out his tax as follows:

Taxable income (from item **18 TAXABLE INCOME** on page 3 of Sam's tax return)		(a)	$28,682
Amount in income list in **table A1** above that is less than but nearest Sam's taxable income		(b)	$21,600
Tax on (b)		(c)	$2,340.00
Tax on remaining income	Take (b) away from (a).	(d)	$7,082
	Tax rate applied to (d)*	(e)	0.30
Multiply (d) by (e).		(f)	$2,124.60
Tax on Sam's taxable income [Add (c) and (f).]			**$4,464.60**

* This is the rate applied to the income range Sam's taxable income falls into (see **table A1** above).

WORKSHEET A1: Working out your tax

Your taxable income (from item **18 TAXABLE INCOME** on page 3 of your tax return)		(a)	$
Amount in income list in **table A1** on the previous page 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 A1** on the previous page).

PART B

LOW INCOME TAX OFFSET

You are entitled to the tax offset if your taxable income is less than $27,475.

If you are not entitled to the low income tax offset go to **Part C**, otherwise, read on.

You get the maximum tax offset of $235 if your taxable income is $21,600 or less. The tax offset reduces by 4 cents for each dollar of taxable income over $21,600.

Use the low income tax offset calculator on our website or **worksheet B1** below to work out your tax offset if your taxable income is more than $21,600 but less than $27,475.

WORKSHEET B1

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 low income tax offset [Take (f) away from (a).]	(g)	$

The amount at (g) in **worksheet B1** above, if it is more than zero, is the low income tax offset you are entitled to. Use this amount when you work out your tax refund or tax debt on page 94.

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.

PART C

SENIOR AUSTRALIANS OR PENSIONER TAX OFFSET (FROM ITEM 20 OR 21)

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 item **18 TAXABLE INCOME** on page 3 of your tax return.

There are two tables on the next page that show the taxable income thresholds that apply to each tax offset – **table C1** applies to the senior Australians tax offset and **table C2** applies to the pensioner tax offset.

If you had a spouse who is eligible for the senior Australians or pensioner tax offset and your taxable income was more than the relevant amounts in column 2 of **table C1** or **table C2** – 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 to you.

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 $12,734 pension income
- you used tax offset code letter **P** and you received more than $10,632 pension income.

Refer to note 2 under **table C2** on the next page for more information.

> **CODES**
>
> Senior Australians tax offset codes are explained on page 55 and pensioner tax offset codes on page 57. You showed your code letter at either item **20** or item **21** on 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 (**table C1** or **table C2**).

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 **worksheet C1** on the next page.

TABLE C1: Senior Australians tax offset thresholds

	COLUMN 1	COLUMN 2	COLUMN 3
Your senior Australians tax offset code letter (see question 20)	**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	$21,968	$39,808	$2,230
B*, C*	$21,167	$37,487	$2,040
D*, E*	$18,247	$31,063	$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 to you. We will work it out for you.

TABLE C2: Pensioner tax offset thresholds

	COLUMN 1	COLUMN 2	COLUMN 3
Your pensioner tax offset code letter (see question 21)	**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*	$18,727	$33,999	$1,909
I*	$17,807	$31,975	$1,771
P*	$15,520	$26,944	$1,428

[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 to you. 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 $12,734
- you used **P** and your pension is more than $10,632.

We will work it out for you.

WORKSHEET C1: How to work out your tax offset

Your taxable income (from item **18 TAXABLE INCOME** on page 3 of your tax return)	(a)	$
Income amount for your tax offset code letter (from column 1 in **table C1** or **C2**)	(b)	$
Take (b) away from (a).	(c)	$
Your maximum tax offset (from column 3 in **table C1** or **C2**)	(d)	$
Divide (c) by 8.	(e)	$
Take (e) away 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.

PART D

MATURE AGE WORKER TAX OFFSET

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 2006, and
- have been aged 55 years or older as at 30 June 2006.

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 **worksheet D1** on the next page. To do this you will need to transfer the amounts from your tax return.

If any of the amounts listed in **worksheet D1** do not apply to you, write **0** in the appropriate box.

WORKSHEET D1

STEP 1 Income from working		
Salary or wages (C item **4**)		$
Total reportable fringe benefits amounts (W item **6**)		$
Add up all your income from working.	(a)	$
STEP 2 Related deductions		
Subscriptions (E item **11**)	(b)	$
STEP 3 Net income from working (tax return)		
Take (b) away from (a). (This can be a negative amount.)	(c)	$

Use **table D1** below to help you to decide which worksheet to use to work out your tax offset.

TABLE D1

Your net income from working at (c) in worksheet D1	Your tax offset	Calculating 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 D2**.
Between $10,000 and $53,000	$500	This is your tax offset. You do not need to calculate it.
More than $53,000 but less than $63,000	Reduced by 5 cents per dollar over $53,000	Use **worksheet D3**.
$63,000 and above	Nil	You are not entitled to the tax offset.

WORKSHEET D2: Net income from working is between $1 and $9,999

Write here your net income from working, (c) from **worksheet D1**.	(a)	$
Divide (a) by 100.	(b)	$
Multiply (b) by 5.	(c)	$

The amount at (c) in **worksheet D2** above 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 94. 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 D3: Net income from working is between $53,001 and $62,999

Maximum tax offset	(a)	$500
Write here your net income from working, (c) from **worksheet D1**.	(b)	$
Threshold at which tax offset reduces	(c)	$53,000
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) in **worksheet D3** above 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 94. 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.

PART E

MEDICARE LEVY

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.

STEP 1 Work out your basic levy.

- If you were eligible for a senior Australians tax offset (see pages 53–4) and your taxable income was:
  - $21,968 or less, you do not pay any Medicare levy
  - between $21,968 and $23,750, your levy is 20 cents for every dollar above $21,968
  - $23,750 or more, your levy is 1.5% of your taxable income.
- If you were eligible for the pensioner tax offset – see pages 57–8 – and your taxable income was:
  - $19,853 or less, you do not pay any Medicare levy
  - between $19,853 and $21,171, your levy is 20 cents for every dollar above $19,583
  - $21,171 or more, your levy is 1.5% of your taxable income.
- In all other circumstances, if your taxable income was:
  - $16,284 or less, you do not pay any Medicare levy
  - between $16,284 and $17,605, your levy is 20 cents for every dollar above $16,284
  - $17,605 or more, your levy is 1.5% of your taxable income.

CALCULATIONS

EXAMPLE E1

- If you were eligible for the senior Australians tax offset, the levy you pay on a taxable income of $22,968 is $200.

  $(\$22{,}968 - \$21{,}968) \times \frac{20}{100} = \$200$

- If you were eligible for the pensioner tax offset, the levy you pay on a taxable income of $21,500 is $322.50.

  $\$21{,}500 \times \frac{1.5}{100} = \$322.50$

STEP 2 Did you claim a reduction or exemption at item **26**? 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 claimed an exemption, go to step 6 on the next page. Otherwise, go to step 4.

STEP 4 Work out your family income.

If you had a spouse on 30 June 2006 or your spouse died during 2005–06, your family income is the combined taxable income of you and your spouse.

If you did not have a spouse on 30 June 2006 but you were eligible for a reduced levy based on family income, your family income is your taxable income.

Use **family income table E1** if you were eligible for the senior Australians tax offset and **family income table E2** in all other circumstances.

If your family income was less than or equal to your lower income limit you do not pay a levy.

If your family income was greater than your lower income limit but less than or equal to your upper income limit, you pay a reduced levy.

FAMILY INCOME TABLE E1 – for taxpayers who are eligible for the senior Australians tax offset

Number of dependent children and students during 2005–06	Lower income limit	Upper income limit
0	$31,729	$34,301
1	$34,252	$37,029
Increase the lower income limit by $2,523 for each additional child or student and the upper income limit by $2,728 for each additional child or student.		

FAMILY INCOME TABLE E2 – for all taxpayers except those eligible for the senior Australians tax offset

Number of dependent children and students during 2005–06	Lower income limit	Upper income limit
0	$27,478	$29,705
1	$30,001	$32,433
Increase the lower income limit by $2,523 for each additional child or student and the upper income limit by $2,728 for each additional child or student.		

The worksheets on this page and on the next page show you how to work out the amount of Medicare levy you pay, using the example below.

EXAMPLE E2

Trevor, who is not eligible for the senior Australians tax offset, had two dependent children and a spouse on 30 June 2006. His taxable income was $18,000 and his spouse's taxable income was $16,500 – a family income of $34,500. This is between his family income limits (see **family income table E2** above). 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)	$34,500	(a)	$
Lower limit from step 4	(b)	$32,524	(b)	$
Take (b) away from (a).	(c)	$1,976	(c)	$
Multiply (b) by 1.5 and divide by 100.	(d)	$487.86	(d)	$
Multiply (c) by 18.5 and divide by 100.	(e)	$365.56	(e)	$
Your family reduction amount [Take (e) away from (d).]	(f)	$122.30	(f)	$

If your spouse's taxable income was less than $16,285, go to step 6. If it was $16,285 or more, you will share the reduction amount as shown below.

Part 2

		Trevor		You
Family reduction amount from (f)	(g)	$122.30	(g)	$
Taxable income	(h)	$18,000	(h)	$
Multiply (g) by (h).	(i)	$2,201,400	(i)	$
Family income	(j)	$34,500	(j)	$
Your share of the family reduction amount [Divide (i) by (j).]	(k)	$63.81	(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:

$$(\$16,500 - \$16,284) \times \frac{20}{100} = \$43.20$$

As it is less than Trevor's spouse's share of the family reduction amount of $58.49 ($122.30 – $63.81), the balance of $15.29 ($58.49 – $43.20) can be transferred to Trevor.

Transfer of any excess from spouse

		Trevor		You
Excess family reduction amount transferred from Trevor's spouse	(l)	$15.29	(l)	$
Your share of the family reduction amount [Add (k) and (l).]	(m)	$79.10	(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)	$79.10	(o)	$
Net basic levy [Take (o) away from (n).]	(p)	$190.90	(p)	$

If you did not claim a full or half exemption at item **26**, go to step 8. If you did claim a full or half exemption, read on.

STEP 7 Work out your exemption amount.

Full exemption

Number of days at **V** item **26** on page 4 of your tax return, if any	(q)	
Net basic levy from (p) at step 6	(r)	$
Multiply (q) by (r).	(s)	$
Divide (s) by 365.	(t)	$

Half exemption

Number of days at **W** item **26** on page 4 of your tax return, if any	(u)	
Net basic levy from (p) at step 6	(v)	$
Multiply (u) by (v).	(w)	$
Divide (w) by 365.	(x)	$
Divide (x) by 2.	(y)	$

Your exemption amount

Your exemption amount [Add (t) and (y).]	(z)	$

STEP 8 Work out the Medicare levy you pay.

The levy you pay

The levy you pay [(p) from step 6 minus (z) from step 7 (if any).]	$

PART F

MEDICARE LEVY SURCHARGE

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 want to work it out before you receive your notice of assessment, follow the steps below.

Working out your Medicare levy surcharge

Your taxable income from item **18 TAXABLE INCOME** on page 3 on your tax return	(a)	$
Add to (a) any total reportable fringe benefits amounts shown at item **6** on page 2 of your tax return.	(b)	$
Divide (b) by 100 to get 1%.	(c)	$

If you have to pay the surcharge for the WHOLE year, the amount you have to pay is (c) above. If you have to pay the surcharge for PART of the year, continue with the steps below.

Number of days at **A** item **27** on page 4 of your tax return	(d)	
Take (d) away from 365.	(e)	
Multiply (c) by (e).	(f)	$
Divide (f) by 365.	(g)	$

The amount of Medicare levy surcharge you have to pay is (g) above.

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. But before you begin to complete this worksheet, read pages 88–93 to work out the components.

STEP 1	**Tax on taxable income**		
	First, transfer the amount of tax you worked out in **Part A** on pages 88–9.	$	A
STEP 2	**Tax offsets**		
	Next, work out the tax offsets available to you.		
	Total tax offsets claimed on page 3 of your tax return – do not include your private health insurance tax offset. You show this at step 6.	$	
	Low income tax offset – from **Part B** on page 89	$	
	Senior Australians or pensioner tax offset – from **Part C** on pages 89–90	$	
	Mature age worker tax offset – from **Part D** on pages 90–1	$	
	Add up all your tax offsets.	$	B
STEP 3	**Tax payable**		
	Now work out your tax payable.		
	Take the total amount of tax offsets at **B** away from the tax on taxable income at **A**.		
	If the result is less than zero, write **0** here.	$	C
STEP 4	**Medicare levy and Medicare levy surcharge**		
	Transfer any Medicare levy or Medicare levy surcharge amounts that are payable.		
	Medicare levy – from **Part E** on pages 91–3	$	
	Medicare levy surcharge – from **Part F** on page 93	$	
	Add up your Medicare levy related amounts.	$	D

STEP 5	**Total tax payable**		
	Now work out the total tax payable for the year.		
	Add **C** and **D**.	$	E
STEP 6	**Credits and refundable tax offsets**		
	Add up all the credits and the refundable tax offsets available to you.		
	Pay as you go (PAYG) instalments	$	
	Total credits from payment summaries – amount at:		
	$ TOTAL TAX WITHHELD item **5** on your tax return	$	
	Credits from tax file number amounts withheld – amounts at:		
	M item **7** on your tax return	$	
	V item **8** on your tax return	$	
	Private health insurance tax offset – amount at:		
	G item **23** on your tax return	$	
	Franking tax offset amount at:		
	U item **8** on your tax return	$	
	Add up your credits and refundable tax offsets.	$	F
STEP 7	**Refund or tax payable**		
	Work out your refund or tax payable.		
	Take **F** away from **E**.	$	G

Are you entitled to a refund or do you have a tax debt?

You are entitled to a refund if the amount at **G** is less than zero (negative). If you have no tax debts this is the amount you will receive. You have to pay tax if the amount at **G** is positive (more than zero). The amount at **G** is the tax you have to pay.

TAX OFFICE SHOPFRONTS

STOP

Lodge your tax return at the address shown on page 79.

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 the nearest tax office.

If you have an enquiry, you can visit our website **www.ato.gov.au** or you can contact us by phone. Our phone services are listed on the inside back cover.

If you prefer to make your enquiry in person, please phone 13 28 61 to make an appointment at one of our shopfronts.

PAYING YOUR TAX DEBT

We do not accept payments over the counter at our shopfronts. The various ways you can pay your tax debt are set out on the back of your notice of assessment. If you need more information, phone **1800 815 886**.

SHOPFRONTS

AUSTRALIAN CAPITAL TERRITORY

Canberra
Ground floor Ethos House
28–36 Ainslie Avenue, Canberra
GPO Box 9990 Canberra 2601

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

Parramatta
Ground floor Commonwealth Offices
2–12 Macquarie Street, Parramatta
PO Box 422 Parramatta 2123

Sydney
Podium level Centrepoint
100 Market Street, Sydney
GPO Box 9990 Sydney 2001

Wollongong
93–99 Burelli Street, Wollongong
PO Box 9990 Wollongong 2500

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

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

TASMANIA

Hobart
200 Collins Street, Hobart
GPO Box 9990 Hobart 7001

Launceston
54 Cameron Street, Launceston
GPO Box 9990 Hobart 7001

VICTORIA

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

Melbourne
Level 1, Casselden Place
2 Lonsdale Street, Melbourne
PO Box 9990 Dandenong 3175

WESTERN AUSTRALIA

Northbridge
45 Francis Street, Northbridge
GPO Box 9990 Perth 6848

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

INDEX

MORE INFORMATION

PUBLICATIONS

(including taxation rulings, practice statements and forms)

To get publications referred to in *Retirees TaxPack 2006* you can:

- **visit our website www.ato.gov.au/publications**
- **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 printed in *Retirees TaxPack*. An automated self-help publications ordering service is available 24 hours a day every day where you know the title of the publication. Alternatively, you can speak to an operator between 8.00am and 6.00pm Monday to Friday.
- **visit a tax office shopfront**.
  See pages 95–6 for our street addresses.

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 *Retirees TaxPack*.

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

INFOLINES

If you have an enquiry about your tax, phone the relevant infoline below. Make sure you have *Retirees TaxPack* handy when you phone us.

We can offer a more personalised service if you provide a tax file number and have your last notice of assessment with you when you phone us.

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.

Our infolines are open 8.00am to 6.00pm Monday to Friday 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.

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
- tax file numbers
- pay as you go (PAYG), including individual activity statements
- capital gains and foreign income
- e-tax
- your notice of assessment
- general income tax, including replacement cheque and account queries, lodgment and queries about questions in *Retirees TaxPack*
- binding oral advice.

Complaints 13 28 70

FREEFAX **1800 060 063**

EFT Infoline 1800 802 308

For enquiries about direct deposit of your tax refund

Superannuation Infoline 13 10 20

Aboriginal and Torres Strait Islander Infoline 13 10 30

Specialises in helping Indigenous clients with their personal tax matters

Tax Office personal self-help 13 28 65

Our automated phone 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
- order a publication where you know the title of the publication.

Note: Although providing your tax file number is voluntary, you need to quote your TFN to use these self-help services (except publications ordering).

Fax 13 28 60

If you have access to a fax machine get information faxed to you about individual taxes. The service operates around-the-clock. Follow the instructions to order information to be faxed to you.

People with a hearing, speech or vision impairment

See page 9 for the services we offer to people with a hearing, speech or vision impairment.

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 الشفهية والخطية (TIS) على الرقم **13 14 50**. باستطاعة موظفيTIS تقديم المساعدة في الترجمة الخطية والشفهية 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 prevođenja 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 안되시는 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 کمك اداره ماليات نيا ز داريد ولی انگليسی حرف نميزنيد، به سرويس ترجمه کتبی و شفاهی (TIS) شما ره **13 14 50** تلفن کنيد. کارمند ا ن TIS می توانند با ترجمه کتبی و شفاهی د ر بيش از ۱۰۰زبان مختلف به شما کمك کنند. از آنها بخواهيد که يك مکالمه سه طرفه بين شما، يك مترجم و يك کارمند اداره ماليات بر قرار 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

Ако не говорите енглески и потребна вам је помоћ од Пореске управе, назовите Службу за превођење и тумачење (Translating and Interpreting Service (TIS)) на **13 14 50**. Особље TIS-а може да вам помогне са превођењем и тумачењем на преко 100 језика. 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. Pídales 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 telefondan Yazılı ve Sözlü Çeviri Servisi'ni (TIS) arayınız. TIS görevlileri 100'den fazla dilde 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 (Translating 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 nối 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 17 for more information—including the Tax Help phone number.

Blind or vision impaired

The Tax Office and Vision Australia 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.

Vision Australia produces free tapes and compact disks of *Retirees TaxPack 2006.*

See page 9 for more details.