

# TaxPack 2009 supplement

To help you complete the supplementary section  
of your tax return **1 July 2008 – 30 June 2009**



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We are committed to providing you with guidance which is practical and easy to use and we make every effort to ensure that our publications are correct.

If you follow our guidance in this publication and it turns out to be incorrect, or it is misleading and you make a mistake as a result, we must still apply the law correctly. If that means you owe us money, we must ask you to pay it but we will not charge you a penalty. Also, if you acted reasonably and in good faith we will not charge you interest.

If you make an honest mistake in trying to follow our guidance in this publication and you owe us money as a result, we will not charge you a penalty. However, we will ask you to pay the money, and we may also charge you interest.

If correcting the mistake means we owe you money, we will pay it to you. We will also pay you any interest you are entitled to.

This publication was current at **May 2009**.

## DO YOU NEED THIS SUPPLEMENT?

*TaxPack 2009 supplement* contains instructions for completing the supplementary section (pages 9–12) of the tax return for individuals. Two copies of the *Tax return for individuals (supplementary section) 2009* are at the back of this publication.

The items in the supplementary section of the tax return are those that our records show are least commonly used by taxpayers. Check the contents list on the next page. If any of these items apply to you, please follow the instructions in this supplement, including those that link the supplementary section of the tax return with the main part of the tax return (pages 1–8). You will need to attach the supplementary section to the main part to lodge your tax return.

Remember, *TaxPack 2009 supplement* does not replace *TaxPack 2009*; it is used in conjunction with *TaxPack 2009*.

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The section headings and question numbers are colour-coded to match those on the tax return for your ease of reference.

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\* This question has a related publication which you may need to read before you can complete the item on your tax return. Details are explained in the relevant question.

## NOTE

*TaxPack 2009 supplement with the Tax return for individuals (supplementary section) 2009* contains questions and items which are not included in *TaxPack 2009* and the *Tax return for individuals 2009*. When using *TaxPack 2009 supplement* you must also use *TaxPack 2009* to complete all of your tax return (pages 1–12).

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**STOP**

Do not show the following income at this item or you may be taxed incorrectly:

- attributed foreign income and any other foreign source income from a partnership or trust – questions **19** and **20**
- a net capital gain from a trust – question **18**
- a capital gain or a capital loss in respect of your interest in a partnership or a partnership asset – question **18**
- income from a corporate limited partnership – question **12** in *TaxPack 2009*
- income from a public trading trust or a corporate unit trust – question **12** in *TaxPack 2009*
- interest you received, or were credited with, from a joint account, where you quoted your individual tax file number to the financial institution – question **11** in *TaxPack 2009*
- that part of a distribution on which family trust distribution tax or trustee beneficiary non-disclosure tax has been paid
- rent derived jointly (or in common) with another person from a jointly held property where you were not a member of a partnership carrying on a business of renting out properties.

**Did you receive or were you entitled to:**

- **income or a loss from a partnership**
- **income from a trust (including a managed fund)**
- **a credit for amounts of tax paid on or withheld from partnership or trust income**
- **a credit for amounts of tax withheld from partnership and trust income received by a resident that has been subject to non-resident withholding tax**
- **a credit for amounts of tax withheld from fund payments from a managed investment trust**
- **a credit for amounts of tax withheld from partnership and trust income subject to foreign resident withholding, or**
- **a share of national rental affordability scheme tax offset**

or

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

If the partnership in which you were a partner paid you salary, wages or allowances, you must show that income at this item.

Distributions of income from any trust investment product, including a cash management trust, money market trust, mortgage trust, unit trust or managed fund such as a property trust, share trust, equity trust, growth trust, imputation trust or balanced trust, must be shown at this item. If you are unsure whether your trust investment product is one of these trusts, check with the trustee.

**NO**  Go to question **14**.

**YES**  Read on.

**YOU NEED TO KNOW**

If you have received a distribution from a partnership or trust which includes a dividend with Australian franking credits from a New Zealand company, you may be eligible to claim the Australian franking credits. The instructions in question **20 Foreign source income and foreign assets or property** provide guidance on how to claim Australian franking credits from a New Zealand company. However, you cannot claim New Zealand imputation credits.

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

**NOTE**

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

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

Phone the Business Infoline (see the inside back cover) for more information. For an explanation of net exempt income, see question **L1** on page 47 in *TaxPack 2009*.

Some trust distributions paid after 30 June 2009 need to be included on your tax return for this year. This is because you were entitled to this income at 30 June 2009. You must make sure that you have included all of your trust income. If you have not been advised of all your trust distribution, contact your trustee.

➤ If your trust distribution includes amounts described as tax-free, tax deferred, tax exempted or capital gains tax (CGT) concession, you will need to read the information on non-assessable payments in the publication *Guide to capital gains tax 2009* (NAT 4151). This is available on our website. While these amounts may not need to be included at this item, they may be relevant in determining the amount of a net capital gain you show at item **18** or may affect the cost base of your unit or trust interest.

Do not show all categories of income distributed from a partnership or trust at this item. If your distribution includes the following categories of income, show them at other items on your tax return:

- net capital gains from trusts – show at item **18**
- attributed foreign income – show at item **19**
- other foreign source income – show at item **20**.

You should not receive a distribution of a net capital gain or a net capital loss from a partnership. For information about how a partner returns their share of a capital gain or capital loss, see the *Guide to capital gains tax 2009*.

**WHAT YOU MAY NEED**

- A statement or advice from the partnership or trust showing the following details in relation to your share of any distribution:
  - the amount of any primary production income or loss and the amount of any non-primary production income or loss
  - the amount of attributed foreign income and other foreign source income

- the amount of any income on which family trust distribution tax has not been paid
- your entitlement to any of the following credits or tax offset:
  - credit for amounts of tax withheld because the partnership or trust failed to quote its Australian business number
  - credit for amounts of tax withheld from partnership and trust income received by a resident due to the imposition of non-resident withholding tax
  - credit for amounts of tax withheld from a fund payment made by a managed investment trust to a foreign resident
  - credit for amounts of tax withheld from partnership and trust income subject to foreign resident withholding
  - share of national rental affordability tax offset
  - allowable franking credits from franked dividends
  - credit for tax file number amounts withheld
  - credit for tax paid by the trustee
- Details of any deductions you can claim against your partnership or trust distribution that have not already been claimed by the partnership or trust
- The publication *Business and professional items 2009* (NAT 2543) which contains the *Business and professional items schedule for individuals 2009* (NAT 2816). This publication is available on our website. To find out how to get a printed copy, see the inside back cover. If you conducted a business activity as a partner in a partnership that resulted in a loss, or resulted in a loss after deducting your expenses, you must complete items **P3** and **P9** on the *Business and professional items schedule for individuals 2009* in addition to item **13**.

### ! NOTE

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

Foreign residents who have received a fund payment from a managed investment trust on which an amount was withheld should refer to the fact sheet *New withholding arrangements for managed fund distributions to foreign residents* which is available on our website [www.ato.gov.au](http://www.ato.gov.au)

## ➤ COMPLETING THIS ITEM

Answer the following three questions first.

If you were an Australian resident, you may be able to claim a credit for Australian withholding tax you have borne on an Australian source dividend, interest, royalty or payment from an Australian managed fund included in your distribution from a non-resident trust. A non-resident trust is a trust which, for all of the income year:

- only has non-resident trustees, and
- has its central management and control outside Australia.

### 1 Were you an Australian resident in receipt of, or entitled to receive, Australian source income from a non-resident trust?

NO  YES

If you were under a legal disability, you may be able to claim a credit for the tax that the trustee has paid on your share of income. You are considered to be under a legal disability if:

- you are under 18 years old as at 30 June 2009
- you are a person who is bankrupt, or
- you have been declared legally incapable because of a mental condition.

### 2 Were you under a legal disability?

NO  YES

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

### 3 Were you a non-resident?

NO  YES

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

If you answered **YES** to one or more of these questions, you will need to provide additional information. Print SCHEDULE OF ADDITIONAL INFORMATION – ITEM 13 at the top of a separate piece of paper and explain your situation. Include your name, address, tax file number, the name of the trust, your share of income from the trust and any credits you are entitled to claim for that income. Print **X** in the **YES** box at *Taxpayer's declaration* question **2a** on page 8 of your tax return. Sign your schedule and attach it to page 3 of your tax return. Go to part A below.

## PART A

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

NO  Go to part B below.

YES  Read below.

**STEP 1** Write the total of your share of primary production partnership income or loss at **N** item **13** on page 9 of your tax return. Do not show cents. If you have a loss, print **L** in the box  at the right of **N**.

**STEP 2** Write the total of your share of non-primary production partnership income or loss – excluding any attributed foreign income or other foreign source income – at **O** item **13**. Do not show cents. If you have a loss, print **L** in the box  at the right of **O**.

**STEP 3** Complete items **P3** and **P9** on the *Business and professional items schedule for individuals 2009* if the amount at **N** or **O** includes a loss from a business activity operated by one or more of your partnerships.

## PART B

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

NO  Go to part C on the next page.

YES  Read below.

If, in an income year, a trust makes an overall loss for income tax law purposes, the loss is retained in the trust – there is no amount of net income available for distribution. However, in some cases you are required to enter a loss at this item. This happens when your income is subject to the averaging provisions available to primary producers, and the trust has made a loss from its primary production activities but has an overall net income amount, part or all of which it distributes to you.



## 13 PARTNERSHIPS AND TRUSTS

Your distribution advice or statement from the trust will separately disclose your share of the primary production loss – which is needed for averaging purposes – and your share of other income. You show your share of any primary production loss at **L** item **13** on your tax return and your share of other income at the relevant item – either **U** item **13**, or item **18**, **19** or **20** on your tax return.

If you need help, phone the Individual Infoline (see the inside back cover).

**STEP 1** Write the total of your share of primary production trust income or loss at **L** item **13** on your tax return. Do not show cents. If you have a loss, print **L** in the box  at the right of **L**.

**STEP 2** Write the total of your share of non-primary production trust income or loss – excluding any net capital gain, attributed foreign income or other foreign source income – at **U** item **13**. Do not show cents. Include in this income any share of credit (including franking credits from franked dividends) to be shown in the labels for share of credits from income covered in part E on page s5. If you have a loss, print **L** in the box  at the right of **U**.

### Exception for primary producers

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

➤ You may need to refer to *Taxation Ruling TR 95/29 – Income tax: Division 16 – applicability of averaging provisions to beneficiaries of trust estates carrying on a business of primary production*. This publication is available on our website. To find out how to get a printed copy, see the inside back cover.

## PART C

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

**NO**  Go to part D on the next page.

**YES**  Read below.

Remember, you cannot claim a deduction for amounts already claimed by the partnership or trust, or for expenses incurred in deriving exempt income or non-assessable non-exempt income (for example, expenses incurred in deriving distributions on which family trust distribution tax or trustee beneficiary non-disclosure tax has been paid).

If you made a prepayment of \$1,000 or more for something to be done (in whole or in part) in a future income year, the amount you can deduct at **X** and **Y** may be affected by the rules relating to prepayments.

➤ For more information on prepayments, see the publication *Deductions for prepaid expenses 2009* (NAT 4170) which is available on our website.

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

### Primary production deductions

**STEP 1** If you were a partner in a partnership that incurred eligible expenditure on landcare operations or water facilities, the expenditure cannot be claimed by the partnership. Costs incurred by the partnership are allocated to each partner who can then claim the deduction.

Write your share of the total of any such expenditure that relates to primary production income or loss from partnerships that you can deduct this year at **I** item **13** on your tax return. Do not show cents.

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

➤ For further information on deductions for expenditure on landcare operations and water facilities, see the *Guide to depreciating assets 2009* (NAT 1996) which is available on our website. To find out how to get a printed copy, see the inside back cover.

**STEP 2** Write at **X** item **13** the total of any other deductions (including non-commercial business losses deferred from a prior year) you can claim in relation to:

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

If you were a partner in a partnership and you can claim a deduction in relation to your share of eligible expenditure incurred by the partnership on horticultural plants, grapevines, electricity connections or phone lines, include any such deduction that relates to primary production income or loss from a partnership at **X**. For information about deductions for expenditure on horticultural plants, grapevines, electricity connections and phone lines, see the *Guide to depreciating assets 2009*.

### NOTE

Only include non-commercial business losses deferred from a prior year if they relate to a partnership activity which is the same as, or similar to, your current year partnership activity. See the example on the next page.

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

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

### Non-primary production deductions

**STEP 1** If a partnership incurs eligible expenditure on landcare operations, the expenditure cannot be claimed by the partnership. Costs incurred by the partnership are allocated to each partner who can then claim the deduction. Write your share of the total of any such expenditure that relates to non-primary production income or loss from partnerships that you can deduct this year at **J** item **13**. Do not show cents.

If a trust incurred eligible expenditure on landcare operations, only the trust, not a beneficiary of the trust, can claim deductions for that expenditure. For more information on deductions for expenditure on landcare operations, see the *Guide to depreciating assets 2009*.

**STEP 2** Write at **Y** item **13** the total of any other deductions (including non-commercial business losses deferred from a prior year) you can claim in relation to:

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

If you were a partner in a partnership and you can claim a deduction in relation to your share of eligible expenditure incurred by the partnership on electricity connections, include any such deduction that relates to non-primary production income or loss from partnerships at **Y** item **13**. For information about deductions for expenditure on electricity connections, see the *Guide to depreciating assets 2009*.

### NOTE

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

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

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

### EXAMPLE

In 2007–08 Lisa deferred total non-commercial business losses of \$6,000 from her share of partnership activities made up of:

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

The partnership did not carry on the computer consultancy business in 2008–09. Lisa cannot include her \$1,000 loss from the computer consultancy business at **Y**. This amount does not relate to an activity which is the same as, or similar to, her current year activity.

In 2008–09 Lisa's partnership distribution from the furniture restoration business was \$2,000. Lisa includes the \$2,000 at **O**, \$5,000 as a deferred loss relating to the furniture restoration business at **Y** and prints **D** in the **TYPE** box. Therefore, her net distribution from this business activity is a loss of \$3,000.

**Note:** Her \$5,000 loss from the furniture restoration business must also be shown at item **P9** on the *Business and professional items schedule for individuals 2009* as the **Deferred non-commercial business loss from a prior year**. The net distribution of the \$3,000 loss from the furniture restoration business must also be shown at item **P9** as the **Net loss** for that activity.

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

## PART D

### Calculation of net distribution from primary production and non-primary production

#### STEP 1 Net primary production distribution

Add the income amounts at **N** and **L** or deduct loss amounts (if any) and take away the amounts at **I** and **X**. Write the answer at item **13 Net primary production distribution** on your tax return. Do not show cents. If you have a loss, print **L** in the **LOSS** box  at the right of item **13 Net primary production distribution**.

If you have a total net loss from a partnership business activity, complete items **P3** and **P9** on the *Business and professional items schedule for individuals 2009* in addition to item **13** on your tax return.

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

Add the income amounts at **O** and **U** or deduct loss amounts (if any) and take away the amounts at **J** and **Y**. Write the answer at item **13 Net non-primary production distribution**. Do not show cents.

If you have a loss, print **L** in the **LOSS** box  at the right of item **13 Net non-primary production distribution**.

If you have a total net loss from a partnership business activity, complete items **P3** and **P9** on the *Business and professional items schedule for individuals 2009* in addition to item **13** on your tax return.

### NOTE

If your distribution includes income from activities as an author of a literary, dramatic, musical or artistic work, inventor, performing artist, production associate or active sportsperson, you must also write the amount of this taxable professional income at **Z** item **24**. You will not be taxed twice on this income. More information is available at question **24**.

## PART E

### Share of credits from income and tax offsets

If the partnership or trust income you have shown at **N**, **L**, **O** or **U** item **13** on your tax return includes:

- income from which an amount of tax was withheld because an Australian business number was not quoted – write your share of the distributed credit at **P** item **13**. Show cents
- interest, dividends and unit trust distributions from which tax file number (TFN) amounts have been withheld – write the total of your share of credits for TFN amounts withheld at **R** item **13**. Show cents
- income
  - received by a resident from which an amount of tax was withheld because of the imposition of non-resident withholding tax
  - received by a resident or non-resident that is a fund payment by a managed investment trust from which an amount of tax was withheld
  - from which an amount of tax was withheld because of the operation of foreign resident withholding
 write the total amount of these credits for tax withheld at **A** item **13**. Show cents
- national rental affordability scheme rent – write your share of national rental affordability scheme tax offset at **B** item **13**. Show cents
- other credits for tax paid by a trustee on trust income – write the total of your share of credits for tax paid by a trustee at **S** item **13**. Show cents.

**Franking credits**

Write the amount of your share of any allowable franking credits which you are entitled to claim as a franking tax offset through a partnership or trust at **Q** item 13. Show cents. You and the partnership or trustee must be qualified persons in relation to the particular dividend – see **Qualified person** below.

You can only claim a share of a franking credit which relates to the share of a franked dividend paid to a partnership or trust which is indirectly included in the amount of partnership income or loss you show at **O** item 13, or in the amount of trust income you show at **U** item 13. Therefore, you cannot claim a franking credit for a dividend paid to the partnership or trust which was exempt income or non-assessable non-exempt income (for example, a distribution on which family trust distribution tax or trustee beneficiary non-disclosure tax has been paid).

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

- the trust has an overall loss for the income year
- you did not show an amount of income from the trust at **U** item 13, or
- the amount of income from the trust you have shown at **U** item 13 is not attributable to the franked dividend which has generated the franking credit.

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

**Qualified person**

There are rules – known as franking credit trading rules – designed to curb the unintended use of franking credits by persons who do not effectively own their shares or who only briefly own their shares. Under these rules, known as the ‘holding period rule’ and the ‘related payments rule’, you must satisfy certain criteria before you are considered to be a qualified person and can claim franking credits. In other words, only qualified persons have the benefit of the franking credit attached to their dividends.

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

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

The **holding period rule** applies to shares bought on or after 1 July 1997. It applies to you if you (or the partnership or trust) sold shares within 45 days of buying them. It also applies to you if you (or the partnership or trust) 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 applies to you (or the partnership or trust) 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.

Special rules apply if you are the beneficiary of a trust and the trustee has made a family trust election.

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

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

**▶** If any of these measures are likely to affect you, read the publication *You and your shares 2009* (NAT 2632) which is available on our website. To find out how to get a printed copy, see the inside back cover.

**CHECK THAT YOU HAVE . . .**

- completed – as necessary – parts A, B, C, D and E
- attached to page 3 of your tax return your signed SCHEDULE OF ADDITIONAL INFORMATION – ITEM 13, if you need to send us one
- kept a record of each distribution with your other records. You need the following information: name and tax file number of the partnership or trust, amount and source of distribution, amount of any taxable professional income, amount and type of deductions claimed, and amount and type of any share of credits.

**! NOTE**

If you received a distribution from a partnership or trust that is a small business entity, you may be eligible to claim the entrepreneurs tax offset. You may need to complete item **T14 Entrepreneurs tax offset**.



## Did you receive personal services income?

**NO**  Go to question 15.

**YES**  Read below.

## Are you a sole trader?

**NO**  Go to question 15.

**YES**  Read below.

Personal services income can include:

- personal services income under a pay as you go (PAYG) voluntary agreement
- personal services income from which an amount was withheld because you did not quote your Australian business number (ABN)
- personal services income of an independent contractor working under a labour hire arrangement
- personal services income from the following **specified payments**:
  - payment for tutorial services provided for the Indigenous Tutorial Assistance Scheme of the Department of Education, Employment and Workplace Relations
  - payment for translation and interpretation services for the Translating and Interpreting Service National of the Department of Immigration and Citizenship
  - income as a performing artist in a promotional activity.

A **specified payment** is a payment specified in tax law for PAYG withholding tax purposes.

### STOP

Do not show at this item income you received as an employee. This is shown elsewhere on your tax return.

Also do not show at this item personal services income that was subject to foreign resident withholding. Include this income at item 15. The rules for the tax treatment of personal services income will apply to the personal services income included at item 15.

## YOU NEED TO KNOW

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

Examples of personal services income are:


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

Personal services income **does not include** income that is mainly:

- for supplying or selling goods – for example, from retailing, wholesaling or manufacturing
- generated by an income-producing asset – for example, from operating a bulldozer
- for granting a right to use property – for example, the copyright to a computer program
- generated by a business structure – for example, a large accounting firm.

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


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

 You need to read the publication *Business and professional items 2009* (NAT 2543) before you can answer this question. This publication is available on our website. To find out how to get a printed copy, see the inside back cover.

*Business and professional items 2009* contains the *Business and professional items schedule for individuals 2009* (NAT 2816) and the *Individual PAYG payment summary schedule 2009* (NAT 3647).

## WHAT YOU MAY NEED

- *Personal services business self-assessment checklist* (NAT 3416). This publication will help you decide whether you were conducting a personal services business. It also tells you how to get more information about personal services income issues.
- *Taxation Ruling TR 2001/7 – Income tax: the meaning of personal services income*
- *Taxation Ruling TR 2001/8 – Income tax: what is a personal services business*
- *Taxation Ruling TR 2003/6 – Income tax: attribution of personal services income*
- *Taxation Ruling TR 2003/10 – Income tax: deductions that relate to personal services income*

 These publications are available on our website or to find out how to get a printed copy, see the inside back cover. If you need more information, phone our Business Infoline (see the inside back cover).

## ▶ COMPLETING THIS ITEM

### PART A

#### **Business and professional items schedule for individuals 2009 and Individual PAYG payment summary schedule 2009**

**STEP 1** Complete the *Business and professional items schedule for individuals 2009*, sign it and attach it to page 3 of your tax return. If you do not attach your schedule, we will send your tax return back to you and will not consider that you have lodged it until it is returned with all schedules attached. We may apply the failure to lodge on time penalties if this results in your tax return being lodged after the due date. Do not include any of your calculations on your tax return. When you attach your schedule to page 3 of your tax return, print **X** in the **YES** box at *Taxpayer's declaration* question **2b** on page 8 of your tax return.

**STEP 2** If you received personal services income from which tax was withheld, complete the *Individual PAYG payment summary schedule 2009* and attach it to page 3 of your tax return. Print **X** in the **YES** box at *Taxpayer's declaration* question **2a** on page 8 of your tax return.

#### **Did you write an amount at **A** item P1 on your Business and professional items schedule for individuals 2009?**

**NO**  Go to question 15.

**YES**  Read below.

### PART B

#### **Net personal services income**

**STEP 1** Transfer your net personal services income or loss shown at **A** item **P1** on your *Business and professional items schedule for individuals 2009* to **A** item **14** on page 9 of your tax return. Do not show cents.

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

**STEP 3** If you made a loss from one or more business activities, check that you have completed items **P3** and **P9** on the *Business and professional items schedule for individuals 2009*.

#### **!** NOTE

If you carried on a business as an author, dramatic artist, musician, artist, inventor, performing artist, production associate or active sportsperson, you must **also** write the amount of income you received from these business activities at **Z** item **24**. See page s34 for more information. You will not be taxed twice on this income.

### PART C

#### **Tax withheld from personal services income**

#### **Did you include an amount at **M**, **N** or **O** item P1 on your Business and professional items schedule for individuals 2009?**

**NO**  Go to **Check that you have . . .** in the next column.

**YES**  Read on.

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

**NO**  Go to 2 below.

**YES**  Read below.

Add up all the amounts on your *Individual PAYG payment summary schedule 2009* at the **Tax withheld** boxes with a **V** in the **TYPE** box . These amounts must correspond with the payments shown at **M** item **P1** on your *Business and professional items schedule for individuals 2009*. Write this amount at **G** item **14** on page 9 of your tax return. Do not show cents.

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

**NO**  Go to 3 below.

**YES**  Read below.

Add up all the amounts on your *Individual PAYG payment summary schedule 2009* at the **Tax withheld** boxes with an **N** in the **TYPE** box . These amounts must correspond with the payments shown at **N** item **P1** on your *Business and professional items schedule for individuals 2009*. Write this amount at **H** item **14** on page 9 of your tax return. Show cents.

#### **3 Did you have amounts of tax withheld because you received income from:**

- working under a labour hire arrangement, or
- a specified payment?

**NO**  Go to **Check that you have . . .** below.

**YES**  Read below.

Add up all the amounts on your *Individual PAYG payment summary schedule 2009* at the **Tax withheld** boxes with an **S** in the **TYPE** box . These amounts must correspond with the payments shown at **O** item **P1** on your *Business and professional items schedule for individuals 2009*. Write this amount at **J** item **14** on page 9 of your tax return. Do not show cents.

#### **CHECK THAT YOU HAVE . . .**

- read the publication *Business and professional items 2009*, and completed your *Business and professional items schedule for individuals 2009* and signed and attached it to page 3 of your tax return
- transferred the amount from **A** item **P1** on your *Business and professional items schedule for individuals 2009* to **A** item **14** on your tax return. If this amount is a loss, print **L** in the **LOSS** box  at the right of **A**
- printed **X** in the **YES** box at *Taxpayer's declaration* question **2b** on page 8 of your tax return.

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

- completed your *Individual PAYG payment summary schedule 2009* and attached it to page 3 of your tax return
- written amounts at **G**, **H** and **J** item **14**, if required
- printed **X** in the **YES** box at *Taxpayer's declaration* question **2a** on page 8 of your tax return.

## Did you derive income or incur a loss from any business?

**NO**  Go to question 16.

**YES**  Read below.

This question covers:


- income or a loss from a primary production business
- income under a pay as you go (PAYG) voluntary agreement
- income from which an amount was withheld because you did not quote your Australian business number (ABN)
- income from which an amount was withheld because it was subject to foreign resident withholding
- income of an independent contractor working under a labour hire arrangement
- income from the following **specified payments**:
  - payment for tutorial services provided for the Indigenous Tutorial Assistance Scheme of the Department of Education, Employment and Workplace Relations
  - payment for translation and interpretation services for the Translating and Interpreting Service National of the Department of Immigration and Citizenship
  - income as a performing artist in a promotional activity
- any other business income, such as from being a sole trader.

A **specified payment** is a payment specified in tax law for PAYG withholding purposes.

### **STOP**

Do not show at this item personal services income included at item **14 Personal services income (PSI)**.

## YOU NEED TO KNOW


 You need to read *Business and professional items 2009* (NAT 2543) before you can complete this item. This publication is available on our website or to find out how to get a printed copy, see the inside back cover.

*Business and professional items 2009* contains the *Business and professional items schedule for individuals 2009* (NAT 2816) and the *Individual PAYG payment summary schedule 2009* (NAT 3647).

You must show your net income or loss – gross business income less business deductions – at item **15, B** for primary production and **C** for non-primary production on page 10 of your tax return.

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

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

 If you are a primary producer, you also need to read the publication *Information for primary producers 2009* (NAT 1712) which is available on our website. To find out how to get a printed copy, see the inside back cover.

## WHAT YOU MAY NEED

These publications may help you to correctly complete this item:

- *Taxation Ruling TR 92/18 – Income tax: bad debts*
- *Taxation Ruling TR 93/30 – Income tax: deductions for home office expenses*
- *Taxation Ruling TR 96/7 – Income tax: record keeping – section 262A – general principles*
- *Taxation Ruling TR 96/11 – Income tax: record keeping – taxi industry – guidelines for recording taxi takings*
- *Taxation Ruling TR 97/11 – Income tax: am I carrying on a business of primary production?*
- *Taxation Ruling TR 97/23 – Income tax: deductions for repairs*
- *Taxation Ruling TR 2005/9 – Income tax: record keeping – electronic records*
- *Guide to depreciating assets 2009* (NAT 1996)
- *Guide to concessions for small business entities* (NAT 71874).

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

### PART A

#### **Business and professional items schedule for individuals 2009 and Individual PAYG payment summary schedule 2009**

**STEP 1** Complete the *Business and professional items schedule for individuals 2009*, sign it and attach it to page 3 of your tax return. If you do not attach your schedule, we will send your tax return back to you and will not consider that you have lodged it until it is returned with all schedules attached. We may apply the failure to lodge on time penalties if this results in your tax return being lodged after the due date. Do not include any of your calculations on your tax return. When you attach your schedule to page 3 of your tax return, print **X** in the **YES** box at *Taxpayer's declaration* question **2b** on page 8 of your tax return.

**STEP 2** If you received business income from which tax was withheld, complete the *Individual PAYG payment summary schedule 2009* and attach it to page 3 of your tax return. Print **X** in the **YES** box at *Taxpayer's declaration* question **2a** on page 8 of your tax return.

### PART B

#### **Did you derive income or incur a loss from a primary production business?**

**NO**  Go to part C below.

**YES**  Read below.

**STEP 1** Transfer your net income or loss from a primary production business shown at **Y** item **P8** on your *Business and professional items schedule for individuals 2009* to **B** item **15** on page 10 of your tax return. Do not show cents.

**STEP 2** If you made a loss, print **L** in the **LOSS** box  at the right of **B** item **15**.

**STEP 3** If you made a loss in 2008–09 from one or more business activities, check that you have completed items **P3** and **P9** in the *Business and professional items schedule for individuals 2009*.

### PART C

#### **Did you derive income or incur a loss from any non-primary production business?**

**NO**  Go to part D in the next column.

**YES**  Read below.

**STEP 1** Transfer your net income or loss from a non-primary production business shown at **Z** item **P8** on your *Business and professional items schedule for individuals 2009* to **C** item **15** on page 10 of your tax return. Do not show cents.

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

**STEP 3** If you made a loss in 2008–09 from one or more business activities, check that you have completed items **P3** and **P9** in the *Business and professional items schedule for individuals 2009*.

### ! NOTE

If you carried on a business as an author of a literary, dramatic, musical or artistic work or as an inventor, performing artist, production associate or active sportsperson, you must **also** write the amount of income from these business activities at **Z** item **24**. See page s34 for more information. You will not be taxed twice on this income.

### PART D

#### **In your calculation of total business income in the *Business and professional items schedule for individuals 2009*, did you include income from which an amount of tax was withheld at **A**, **B**, **C**, **D**, **E**, **F** or **O** item **P8**?**

**NO**  Go to **Check that you have . . .** on the next page.

**YES**  Read below.

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

**NO**  Go to **2** below.

**YES**  Read below.

Add up all the amounts on your *Individual PAYG payment summary schedule 2009* shown in the **Tax withheld** boxes where you have printed **V** in the **TYPE** box . These amounts must correspond with the payments shown at **E** and **F** item **P8** on the *Business and professional items schedule for individuals 2009*. Write this total at **D** item **15**. Do not show cents.

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

**NO**  Go to **3** on the next page.

**YES**  Read below.

Add up all the amounts on your *Individual PAYG payment summary schedule 2009* shown in the **Tax withheld** boxes where you have printed **N** in the **TYPE** box . These amounts must correspond with the payments shown at **C** and **D** item **P8** on the *Business and professional items schedule for individuals 2009*. Write this total at **W** item **15**. Show cents.



**3 Did you have any amounts of tax withheld because your income was subject to foreign resident withholding?**

**NO**  Go to 4 below.

**YES**  Read below.

Add up all the amounts on your *Individual PAYG payment summary schedule 2009* shown in the **Tax withheld** boxes where you have printed **F** in the **TYPE** box . These amounts must correspond with the payments shown at **A** and **B** item **P8** on the *Business and professional items schedule for individuals 2009*. Write this amount at **E** item **15**. Show cents.

**4 Did you have any amounts of tax withheld because you received income:**

- working under a labour hire arrangement, or
- from a specified payment?

**NO**  Go to **Check that you have . . .** in the next column.

**YES**  Read below.

Add up all the amounts on your *Individual PAYG payment summary schedule 2009* shown in the **Tax withheld** boxes where you have printed **S** in the **TYPE** box . These amounts must correspond with the payments shown at **O** item **P8** on the *Business and professional items schedule for individuals 2009*. Write this amount at **F** item **15**. Do not show cents.

**!** **NOTE**

If you derived income from a business and you qualify for the small business entity concessions you may be eligible to claim the entrepreneurs tax offset. For more information, refer to question **T14 Entrepreneurs tax offset**.

**CHECK THAT YOU HAVE . . .**

- read the publication *Business and professional items 2009*
- completed the *Business and professional items schedule for individuals 2009*, signed it and attached it to page 3 of your tax return
- transferred the amounts from **Y** and **Z** item **P8** on your *Business and professional items schedule for individuals 2009* to **B** and **C** item **15** respectively on your tax return. If these amounts are losses, printed **L** in the **LOSS** boxes  at the right of **B** and **C**
- printed **X** in the **YES** box at *Taxpayer's declaration* question **2b** on page 8 of your tax return.

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

- completed the *Individual PAYG payment summary schedule 2009* and attached it to page 3 of your tax return
- written amounts at **D**, **W**, **E** and **F** item **15**, if required
- printed **X** in the **YES** box at *Taxpayer's declaration* question **2a** on page 8 of your tax return.



**Did you:**

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

**NO**  Go to question 17.

**YES**  Read below.

**STOP**

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

**YOU NEED TO KNOW**

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

You can use a 2008–09 loss from a business activity you conducted either as a sole trader or in a partnership to calculate your 2008–09 taxable income only where:

- an exception applies **or**
- one of the four tests is satisfied **or**
- the Commissioner has exercised his discretion or ruled that it will be exercised to allow you to claim the loss.

For more information about the exceptions, the four tests and the Commissioner's discretion, see question **P9 Business loss activity details** in *Business and professional items 2009* (NAT 2543).

**NOTE**

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

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

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

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

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

You must defer your loss by completing item **16** on your tax return. You will need to split the amount into primary production and non-primary production deferred losses. The amounts shown at item **16** cannot be used to reduce your 2008–09 taxable income.

**▶** You need to read *Business and professional items 2009* before you can complete this item. This publication is available on our website or to find out how to get a printed copy, see the inside back cover.

*Business and professional items 2009* contains the *Business and professional items schedule for individuals 2009* and the *Individual PAYG payment summary schedule 2009*.

**WHAT YOU MAY NEED**

- *Taxation Ruling TR 2001/14 – Income tax: Division 35 – non-commercial business losses*. This publication is available on our website or to find out how to get a printed copy, see the inside back cover.
- *Taxation Ruling TR 2007/6 – Income tax: non-commercial business losses: Commissioner's discretion*. This publication is available on our website or to find out how to get a printed copy, see the inside back cover.
- *Non-commercial losses: partnerships – fact sheet* (NAT 3385). This publication provides information on the special rules that determine whether a business activity you carry on in partnership with others satisfies any one of the four tests. This publication is available on our website or to find out how to get a printed copy, see the inside back cover.
- Any written advice from the Tax Office that the Commissioner will exercise his discretion to allow you to deduct your loss from your business activity carried on either as a sole trader or in partnership with others

**▶ COMPLETING THIS ITEM****PART A*****Business and professional items schedule for individuals 2009***

Complete the *Business and professional items schedule for individuals 2009*, sign it and attach it to page 3 of your tax return. If you do not attach your schedule, your tax return will be sent back to you. We will not consider you to have lodged your tax return until you return it with all schedules attached. We may apply the failure to lodge on time penalties if this results in you lodging your tax return after the due date. Do not include any of your calculations on your tax return. When you attach your schedule to page 3 of your tax return, print **X** in the **YES** box at *Taxpayer's declaration* question **2b** on page 8 of your tax return.

**PART B****Deferred non-commercial business losses from partnership activities**

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

**Were you a partner in a partnership?**NO  Go to part C below.YES  Read below.**Did you make a net loss from a business activity carried on in partnership with others in 2008–09?**NO  Go to part C below.YES  Read below.

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

**Did your net loss from that business activity come within an exception described at question P9 in *Business and professional items 2009*?**NO  Read below.YES  Go to part C below.**Did your net loss from that business activity satisfy one of the four tests listed at question P9 in *Business and professional items 2009*?**NO  Read below.YES  Go to part C below.**Have we advised you in writing that the Commissioner will exercise his discretion to allow you to claim a net loss from that business activity for the year?**NO  Read below.YES  Go to part C below.

**STEP 1** Write the total of your net losses to be deferred from business activities you carried on in partnership with others at **F** item 16 on page 10 of your tax return.

**STEP 2** Check that you have included the amount of your deferred non-commercial business losses in working out your net distribution at item 13 on your tax return; otherwise, you will have overstated your taxable income.

**STEP 3** Make sure that you have completed items **P3** and **P9** on the *Business and professional items schedule for individuals 2009*.

**PART C****Deferred non-commercial business losses from sole trader activities****Did you make a net loss from a business activity as a sole trader in 2008–09?**NO  Go to part D in the next column.YES  Read below.

If you made a net loss from more than one business activity as a sole trader, you will have to answer the questions and follow the steps in the next column for each of your business activities.

**Did your net loss from that business activity come within an exception described at question P9 in *Business and professional items 2009*?**NO  Read below.YES  Go to part D below.**Did your net loss from that business activity satisfy one of the four tests listed at question P9 in *Business and professional items 2009*?**NO  Read below.YES  Go to part D below.**Have we advised you in writing that the Commissioner will exercise his discretion to allow you to claim a net loss from that business activity for the year?**NO  Read below.YES  Go to part D below.

**STEP 1** Write the total of your net losses to be deferred from business activities as a sole trader at **G** item 16 on page 10 of your tax return.

**STEP 2** Check that you have included the amount of your deferred non-commercial business losses in working out your net income or loss at item 14 and/or item 15 on your tax return; otherwise, you will have overstated your taxable income.

**STEP 3** Make sure that you have completed items **P3** and **P9** on the *Business and professional items schedule for individuals 2009*.

**PART D****Total deferred non-commercial business losses**

**STEP 1** Add up any amounts of **primary production** deferred losses at **F** and **G** item 16 on page 10 of your tax return. Write the total of primary production deferred losses at **I** item 16.

**STEP 2** Add up any amounts of **non-primary production** deferred losses at **F** and **G** item 16 on page 10 of your tax return. Write the total of non-primary production deferred losses at **J** item 16.

**! NOTE**

At item **P9 Business loss activity details** on the *Business and professional items schedule for individuals 2009* you must record the three highest loss-making business activities (if applicable), regardless of whether or not:

- the net loss from your business activity came within an exception
- the net loss from your business activity satisfied one of the four tests
- the Commissioner had advised that he will exercise his discretion to allow the net loss from your business activity to be claimed this year
- you had carried on the business activity in a partnership or as a sole trader.

**THIS QUESTION IS FOR  
PRIMARY PRODUCERS ONLY.**

**Did you deposit into or withdraw funds from your Farm Management Deposits Scheme account during 2008–09?**

**NO**  Go to question 18.

**YES**  Read below.

**YOU NEED TO KNOW**

You can claim a deduction for farm management deposits made during 2008–09 at this item unless in 2008–09:

- your non-primary production taxable income was more than \$65,000
- you became bankrupt, or
- you ceased to be a primary producer for at least 120 days – the 120-day period does not have to fall entirely in 2008–09.

Any deduction you claim cannot be more than the deposits made or your taxable primary production income for 2008–09, whichever is less.

The maximum amount that can be held at any one time as farm management deposits is \$400,000.

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

You can withdraw an amount from a farm management deposit within 12 months after it was made and still retain the tax deduction if:

- the withdrawal occurs in the year of income after the deposit was made
- at the time of the withdrawal, you were eligible to be issued an exceptional circumstances certificate relating to your primary production business, and
- the deposit was made before an exceptional circumstances declaration made by the Minister for Agriculture, Fisheries and Forestry applied to your primary production business.

However, the amount of the withdrawal is assessable in the year you made the withdrawal and you cannot claim a deduction for any subsequent deposits you made in that income year. You need to get an exceptional

circumstances certificate from Centrelink no later than three months after the end of the income year in which the withdrawal was made.

To find out if your area has been declared to be in exceptional circumstances:

- visit the website of the Department of Agriculture, Fisheries and Forestry at [www.daff.gov.au/droughtassist](http://www.daff.gov.au/droughtassist)
- phone the Centrelink Drought Assistance Line on **13 23 16**
- phone the Australian Government Regional Information Service on **1800 026 222**.

If you need an exceptional circumstances certificate, phone the Centrelink Drought Assistance Line.

If in 2008–09 you became bankrupt or ceased to be a primary producer for at least 120 days, all remaining deposits are assessable income in 2008–09 to the extent you have previously claimed them as a deduction. Your deductions in earlier years are not affected even where such a repayment is within 12 months of making the deposit.

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

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

If you have any questions about the tax consequences of farm management deposits or withdrawals, visit our website or phone the Business Infoline (see the inside back cover).

**! DECEASED ESTATE**

If you are looking after the estate of someone who died in 2008–09, you cannot claim a deduction for any deposits they made in 2008–09. Any farm management deposits held at the time of death are assessable income in 2008–09 to the extent they have previously been claimed as a deduction.

Deductions in earlier years are not affected even where the person dies within 12 months of making the deposit.

**WHAT YOU MAY NEED**

- Your account statement from your financial institution for the Farm Management Deposits Scheme
- The publications *Information for primary producers 2009* (NAT 1712) and *Farm management deposit scheme* (NAT 8776). 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**

Take away the total amount of the deductible deposits you made in 2008–09 from the total amount of your 2008–09 withdrawals that are assessable income.

Write the answer at **E** item **17** on page 10 of your tax return; and if the amount of your deductible deposits exceed the amount of your assessable withdrawals, print **L** in the **LOSS** box  at the right of **E**.

**CHECK THAT YOU HAVE . . .**

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

## Capital gains

Income **18****STOP**

Do not show at this item a 'listed investment company capital gain amount' included in a dividend paid by a listed investment company. See *TaxPack 2009* question **D7 Interest and dividend deductions**.

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

You may have made a capital gain or capital loss if a capital gains tax (CGT) event happened in 2008–09. See the box on the next page for an explanation of a CGT event.

You may have also made a capital gain for 2008–09 if you were a beneficiary of, or had money invested in, a trust or managed investment fund in 2008–09 and the trust or fund made a capital gain during the year.

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.
- 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 2008–09. See the note at **Completing this item** step 3 on page s18.

Some capital gains and capital losses are disregarded – see **Exceptions and exemptions** on the next page.

**NO**  Print **X** in the **NO** box at **G** item **18** on page 10 of 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 s18 to find out how to complete this item.

**YES**  Print **X** in the **YES** box at **G** item **18** on page 10 of your tax return if you had a capital gain or a capital loss that was not disregarded. Read on to work out your net capital gain or net capital loss.

## 18 CAPITAL GAINS

### Did this capital gains tax (CGT) event relate to a forestry managed investment scheme interest that you held, other than as an initial participant?

**NO**  Print **X** in the **NO** box at **Q** item **18** on page 10 of your tax return if you had a capital gains tax event that **did not relate** to a forestry managed investment scheme interest that you held, other than as an initial participant.

**YES**  Print **X** in the **YES** box at **Q** item **18** on page 10 of your tax return if you had a capital gains tax event that **did relate** to a forestry managed investment scheme interest that you held, other than as an initial participant.

If you selected **YES** at **Q** item **18** on page 10 of your tax return because you sold your forestry managed investment scheme interest as a subsequent participant during the year, then you should complete the *Capital gains tax (CGT) schedule 2009* (NAT 3423). Refer to the *Guide to capital gains tax 2009* available on our website.

#### NOTE

If you were an Australian resident for tax purposes, show any capital gains or capital losses you made from foreign sources at this item. Do not show them as foreign source income at item **20**.

## 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, hobby farm
- shares
- units in a unit trust or managed investment fund
- forestry managed investment scheme interests (as a subsequent participant)
- 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 not sure whether a CGT event happened in 2008–09, refer to **Appendix 1: Summary of CGT events** in the *Guide to capital gains tax 2009*.

### 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 – you acquired for \$500 or less
- a personal use asset – for example, 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 disregard only capital losses. If you acquired it for \$10,000 or less, you disregard both capital gains and capital losses
- the exchange of shares or units you owned in a company or trust 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
- disposing of an asset to which the small business 15-year exemption applies
- your share of capital gains or capital losses arising from the disposal of certain investments by a venture capital limited partnership, an early stage venture capital limited partnership or an Australian venture capital fund of funds
- disposal of shares in a pooled development fund.

### Did you dispose of shares, stapled securities or rights acquired under an employee share scheme?

Employee share schemes enable you to acquire shares or stapled securities, or obtain rights (including options) to acquire shares or stapled securities, in your employer's company at a discount.

The amount of the capital gain may be reduced if your shares, stapled securities or rights were acquired under an employee share scheme.

For more information, read *Employee share schemes – answers to frequently asked questions by employees* (NAT 7366) on our website.

### Did you receive a distribution from a managed fund?

Managed funds (unit trusts) include property trusts, share trusts, equity trusts, growth trusts, imputation trusts and balanced trusts.

Distributions from managed funds can include two components that have CGT consequences:

- capital gains, and
- non-assessable amounts.

You need to know whether you have received these amounts in your distribution – to find out, check the year-end or annual statement from your managed fund. The statement should also show which method the fund used to calculate the capital gain. There are three methods of calculating capital gains:

- indexation
- discount, and
- 'other'.



You must use the same method as the fund to calculate your capital gain.

Fund managers may use different terms to describe the calculation methods they have used and they may refer to capital gains calculated using the indexation and 'other' methods as 'non-discount gains'. If in doubt, check with your fund manager.

For more information, read *Personal investors guide to capital gains tax 2009* (NAT 4152).

### ! NOTE

If you are a foreign resident and have a capital gain related to a fund payment from a managed investment trust, you may be entitled to claim a credit for amounts of tax withheld. To claim this credit, you will need to include the amount of the credit at **A** item **13** on page 9 of your tax return (see question **13** for more information). You will still need to enter the amount of the capital gain at **H** item **18** on page 10 of your tax return.

### Did you make a capital gain or capital loss on your shares?

You may make a capital gain or capital loss by selling or giving away your shares, including by selling them to the company under a share buy-back arrangement. Even if you did not pay for your shares – for example, you received them under a demutualisation – you may make a capital gain or capital loss when you sell or give them away.

Also, if you use dividends to acquire additional shares in a company – for example, through a dividend reinvestment plan – the additional shares are subject to capital gains tax (CGT) if you sell them or give them away.

There are other ways of making a capital gain or capital loss on shares. These include:

- If you held shares in a company and during 2008–09 a liquidator or administrator declared the shares worthless, you can choose to claim a capital loss equal to the reduced cost base of the shares (otherwise you may have to wait until the company is dissolved to claim the capital loss).
- If you received a non-assessable payment – also known as a return of capital – you may have to reduce the cost base and reduced cost base of your shares. If the amount of the non-assessable payment is more than the cost base of the shares, the difference is a capital gain.

Fact sheets on some major share transactions affecting shareholders are available on our website.

### 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 were not renting part of it out or using part of it for business purposes.

For more information, read *Guide to capital gains tax 2009* available on our website.

### 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 *Guide to capital gains tax 2009* available on our website.

### 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 *Guide to capital gains tax 2009* available on our website.

### Foreign residents

Foreign residents who are individuals are subject to CGT on:

- direct interests in real estate located in Australia
- an interest in an entity where they and their associates hold 10% or more of the entity and the value of their interest is principally attributable to Australian real estate
- an asset they have used in carrying on a business through a permanent establishment in Australia
- an option or right to acquire one of the above.

For more information, read *Guide to capital gains tax 2009* available on our website.

### Temporary residents

Temporary residents are subject to CGT in the same way as foreign residents.

See page 98 in *TaxPack 2009* for the definition of a temporary resident and details of the exemption.

There are special rules for shares and rights acquired under an employee share scheme.

For more information, read *Guide to capital gains tax 2009* available on our website.

### WHAT YOU MAY 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

## 18 CAPITAL GAINS

You may also need one or more of the following publications to complete this item. They explain the three methods that are used to calculate a capital gain: the indexation method, the discount method and 'other' method.

- *Introduction to capital gains tax*. This explains what a capital gain 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 2009*. This explains how capital gains tax (CGT) works and will help you to calculate your net capital gain or net capital loss. It covers CGT issues such as the sale of a rental property, vacant land, a holiday home, collectables (for example, jewellery), 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. (This publication is only available on our website.)
- *Personal investors guide to capital gains tax 2009* is shorter and simpler than *Guide to capital gains tax 2009*. It covers the sale, gift or other disposal of shares and units; distribution of capital gains from managed funds; and non-assessable payments from companies and managed funds. It does not cover other CGT events, nor the 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 – for those you will need to refer to *Guide to capital gains tax 2009*.
- The electronic publication *Capital gains tax (CGT) concessions for small business – overview* explains what concessions are available to small businesses.

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 CGT event that occurred, and the amount of your capital gain from a trust or managed fund for the 2008–09 income year.

**STEP 2** Add up all your capital gains for the 2008–09 income year (except the ones that are disregarded) to work out your total current year capital gains. Do not apply capital losses, any CGT discounts or the small business concessions (other than the 15-year exemption) yet. Write this amount at **H** item **18** on page 10 of your tax return.

**STEP 3** Work out your net capital gain or net capital loss. 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
- any CGT discounts
- the small business 50% active asset reduction
- the small business retirement exemption or rollover.

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 **18** and go to question **19**.

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 to carry forward to later income years.

Write the amount at **V** item **18**. Go to question **19**.

#### 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 **19**.

**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 **18** on your tax return.

#### ! NOTE

If foreign tax was paid on a foreign gain of a capital nature, you need to read part G in question **20** to work out the amount of foreign income tax offsets you can claim. You show the foreign income tax offsets at **O** item **20**.

#### ! KEEPING RECORDS FROM THE START

You must keep records 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 may happen in the future.

You must keep these records for five years from the time when no CGT event or further CGT event can happen. The records for these CGT events may be relevant to working out whether you have made a capital gain or capital loss from the event.

**Are you an Australian resident for tax purposes who:**

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

**NO**  Go to question 20.

**YES**  Read below.

**WHAT YOU NEED**

- The *Foreign income return form guide* (NAT 1840)
- The *Foreign investment funds guide* (NAT 2130)

These publications are available on our website.

**! NOTE**

If you are a temporary resident you will not need to show your foreign investment income at this item. Refer to page 98 in *TaxPack 2009* for the definition of a temporary resident and details of the exemption.

**PART A**

The controlled foreign company (CFC) measures may apply to income and gains of foreign companies in which you had a direct or indirect controlling interest, or which you effectively controlled. Read chapter 1 in the *Foreign income return form guide* for more information.

**▶ COMPLETING THIS PART****Did you have either a direct or indirect interest in a controlled foreign company?**

**NO**  Print **X** in the **NO** box at **I** item 19 on page 10 of your tax return. Go to part B in the next column.

**YES**  Read below.

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

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

**NO**  Print **X** in the **NO** box at **I** item 19 on page 10 of your tax return. Go to part B in the next column.

**YES**  Read on.

**STEP 1** Print **X** in the **YES** box at **I** item 19 on page 10 of your tax return.

**STEP 2** Work out your attributed foreign income from any controlled foreign company.

**STEP 3** Write this amount at **K** item 19. Do not show cents. Read on.

**PART B**

The transferor trust measures may apply if, at any time, you directly or indirectly transferred or caused the transfer of property – including money – or services to a non-resident trust. A trust is a non-resident trust if no trustee of the trust estate was an Australian resident, and the trust estate's central management and control was not in Australia, at any time during the income year. Read chapter 2 in the *Foreign income return form guide* for more information.

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

**NO**  Print **X** in the **NO** box at **W** item 19 on page 10 of your tax return. Go to part C below.

**YES**  Read below.

**STEP 1** Print **X** in the **YES** box at **W** item 19 on page 10 of your tax return.

**STEP 2** Work out your attributed foreign income from transferor trusts.

**STEP 3** Write the amount you worked out at step 2 at **B** item 19. Do not show cents.

**STEP 4** Print SCHEDULE OF ADDITIONAL INFORMATION – ITEM 19 on the top of a separate piece of paper. Print your name, address, tax file number, the name of the non-resident trust and its trustee or trustees, and the amount of any attributable income in relation to the trust. Sign your schedule and attach it to page 3 of your tax return.

**STEP 5** Print **X** in the **YES** box at *Taxpayer's declaration* question 2a on page 8 of your tax return. Read on.

**PART C**

The foreign investment fund (FIF) measures may apply to income and gains of foreign companies or trusts in which you have an interest, but which you do not control. Read the *Foreign investment funds guide* for more information.

A non-resident superannuation fund that is not employer-maintained is treated as a foreign investment fund. A foreign life assurance policy is a policy issued by a non-resident insurer.

## ▶ COMPLETING THIS PART

### Did you have an interest in a foreign investment fund or a foreign life assurance policy?

**NO**  Print **X** in the **NO** box at **J** item **19** on page 10 of your tax return. Go to question **20**.

**YES**  Read below.

**STEP 1** Print **X** in the **YES** box at **J** item **19** on page 10 of your tax return.

**STEP 2** Work out your attributed foreign income from any foreign investment fund or foreign life assurance policy.

**STEP 3** Write the amount you worked out at step 2 at **C** item **19**. Do not show cents.

**STEP 4** If you can claim any foreign income tax offsets in respect of attributed foreign income from a foreign investment fund that is a foreign trust you will need to provide additional information. Print SCHEDULE OF

ADDITIONAL INFORMATION – ITEM 19 on the top of a separate piece of paper. Print your name, address, tax file number, the name of the trust, the amount of attributable income in relation to the trust, and any foreign income tax offsets you can claim in respect of that income. Sign your schedule and attach it to page 3 of your tax return.

**STEP 5** Print **X** in the **YES** box at *Taxpayer's declaration* question **2a** on page 8 of your tax return.

### CHECK THAT YOU HAVE . . .

- written on your tax return your attributed foreign income from any controlled foreign company
- written on your tax return your attributed foreign income from transferor trusts
- written on your tax return your attributed foreign income from any foreign investment fund or foreign life assurance policy
- attached to page 3 of your tax return your signed SCHEDULE OF ADDITIONAL INFORMATION – ITEM 19, if you need to send us one.

## Foreign source income and foreign assets or property

## Income 20

### Did you:

- receive a foreign pension or annuity
- receive income from foreign employment
- receive a lump sum payment from a foreign superannuation fund
- transfer money from a foreign superannuation fund to an Australian superannuation fund
- receive any other foreign source income including interest, dividends, royalties or rent
- at any time during 2008–09, own or have an interest in assets located outside Australia that had a total value of A\$50,000 or more?

### ! NOTE

- You receive income even if it is held overseas for you.
- New rules apply to foreign losses and what were formerly foreign tax credits and are now foreign income tax offsets.

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

**YES**  Read on.

### – STOP

Do not show at this item:

- a capital gain or capital loss from a foreign source – question **18 Capital gains** deals with these amounts. The amount of any foreign income tax offset you calculate under part H may include amounts of foreign tax paid in respect of a capital gain from a foreign source
- a lump sum payment of your foreign pension that relates to an earlier year – read **Lump sum payments in arrears** at question **24**. If your arrears amount is exempt from tax then it will be shown at part B
- payments you received on termination of your employment in a foreign country where the payments were exempt from income tax under the law of the foreign country and you received the payments within 12 months of the termination – question **4 Employment termination payments** deals with these amounts.

### YOU NEED TO KNOW

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

If you received a lump sum payment from a foreign superannuation fund, phone the Superannuation Infoline (see the inside back cover). Some of these payments are taxable and some are exempt from Australian tax.



If you were an Australian resident you must show the following amounts at this item:

- an assessable dividend (or non-share dividend) from a New Zealand company and any attached Australian franking credits
- a supplementary dividend from a New Zealand company and any attached Australian franking credits
- an assessable distribution from a trust or partnership (or share of a partnership loss) that includes Australian franking credits attached to a dividend (or non-share dividend) from a New Zealand company.

For more information, see parts E and G of this question.

**! NOTE**

A dividend from a New Zealand company may also carry New Zealand imputation credits. **An Australian resident cannot claim any New Zealand imputation credits on an Australian tax return.**

All foreign income, deductions and foreign tax paid must be translated (converted) to Australian dollars before you complete this item. More information on how to translate your foreign income, deductions and foreign tax paid is available on our website or you can phone the Individual Infoline (see the inside back cover) to get information about the exchange rates.

**! NOTE**

If you are a temporary resident the only foreign income you will need to show at this item is income that you earned from foreign employment while a temporary resident. Follow part B of this question to determine how much of this foreign employment income you should report. Refer to page 98 in *TaxPack 2009* for the definition of a temporary resident and details of the exemption.

**WHAT YOU MAY NEED**

- Payslips; foreign tax assessments; and company, partnership and trust distribution advices
- Details of any expenses you incurred in earning your foreign income
- Details of any allowable foreign losses from previous years
- Notepaper to help you to work out the amounts you need to show on your tax return
- *You and your shares 2009* (NAT 2632)
- *Guide to foreign income tax offset rules* (NAT 72923)
- *Taxation Ruling TR 96/15 – Income tax: foreign tax credit system: issues relating to the practical application of section 23AG*. If you received income from foreign employment, you may need this ruling to work out whether we consider that you were continuously employed if you took a break in foreign employment. This is important in working out whether the income is exempt from tax.

The publications and rulings listed above are available on our website.

**! NOTE**

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

**PART A**

**Did you receive a foreign pension or annuity?**

**NO**  Go to part B on the next page.

**YES**  Read below.

Most foreign pensions and annuities are taxable in Australia, even if tax was withheld from your payment by the country from which the payment came. Examples of foreign pensions and annuities that fall into this category are age and superannuation pensions paid from Austria, Germany, Italy, the Netherlands and the United Kingdom. If you are not sure whether your foreign pension or annuity is taxable, phone the Individual Infoline.

You may claim a foreign income tax offset at this item if:

- the country from which your foreign pension or annuity came withheld tax from your payment
- you were not entitled to seek a refund of the foreign tax from that country (see part H on page s25), and
- the foreign pension or annuity is also taxable in Australia.

This refund may follow under the terms of an agreement between Australia and that country to prevent double taxation. If you are not sure whether your foreign pension or annuity is subject to an agreement, phone the Individual Infoline.

If your foreign pension or annuity is paid from a country with which Australia has a double tax agreement, you may be able to make arrangements to not have tax withheld from future payments from that country. Phone the Individual Infoline for more information.

**! NOTE**

We regularly receive information from foreign tax authorities under our tax treaties regarding foreign source income paid to (and the tax withheld from) Australian resident taxpayers. We use information-matching technology to verify the correctness of tax returns. Make sure that all information is fully and correctly declared on your tax return.

If your foreign pension or annuity is not taxable in Australia, do not show this income anywhere on your tax return. Go to part B on the next page.

If it is taxable, read below.

**STEP 1** Work out the assessable amount of your foreign pension or annuity.

**If foreign tax was not taken from your foreign pension or annuity**

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



## 20 FOREIGN SOURCE INCOME AND FOREIGN ASSETS OR PROPERTY

### If foreign tax was taken from your foreign pension or annuity

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

### STEP 2 Work out your net taxable foreign pension or annuity.

Add up any deductible expenses that you incurred in relation to your foreign pension or annuity. Take away this amount from the amount you worked out at step 1 to get your net taxable foreign pension or annuity. Deductible expenses may include expenses such as bank fees and phone calls to your fund. If your deductible expenses incurred in relation to your pension exceed your pension income, you have made a loss equal to the excess. Do not include as a loss any amount by which the undeducted purchase price (UPP) exceeds the amount of your foreign pension or annuity (including the amount of foreign tax added back to your foreign pension or annuity at step 1). Write your net taxable foreign pension or annuity on your notepaper in the column for 'Net taxable amount'.

#### ! NOTE

Debt deductions, such as interest and borrowing costs, are not deductible for the purpose of this calculation. If you incurred debt deductions in earning your foreign pension or annuity, see question **D15 Other deductions**. If your foreign pension or annuity has a deductible amount of UPP, you claim a deduction for this amount at item **D11**.

### STEP 3 List separately on your notepaper the net taxable amounts of foreign pensions and annuities with a UPP and without a UPP.

If your foreign pension or annuity has or had a UPP, write the amount at **D** item **20**. If you made a loss, print **L** in the **LOSS** box  at the right of **D** item **20**. Do not show cents. Do not include as a loss any amount by which the UPP exceeds the amount of your foreign pension or annuity (including the amount of foreign tax added back to your foreign pension or annuity at step 1).

If you received a foreign pension or annuity with no UPP and if part B below does not apply to you, write the amount at **L** item **20**. If you made a loss, print **L** in the **LOSS** box  at the right of **L** item **20**. Do not show cents. Go to part B below to find out if it applies to you.

If part B does not apply to you and you received no other foreign income, go to part F on page s25. Otherwise, read below.

## PART B

### Did you receive income from foreign employment?

**NO**  Go to part C on the next page.

**YES**  Read below.

Foreign employment income is income from working overseas as an employee, such as salary, wages, commissions, bonuses or allowances.

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

- a privileges and immunities agreement or a law covering persons connected with international organisations
- specific exemptions for the pay and allowances of members of the Australian Defence Force, related to qualifying service in a declared operational area.

Your employer should be able to tell you if either of these applies. If you need further help, phone the Individual Infoline.

#### ! NOTE

Income from self-employment or contracts is not exempt from tax and needs to be shown at **M** item **20**.

If all your foreign employment income is exempt for either of these reasons, do not include this income anywhere on your tax return. Go to step 2 if you received a foreign pension or annuity. If all your foreign employment income is exempt for either of the above reasons and you did not receive a foreign pension or annuity, go to part C on the next page. Otherwise, go to step 3.

**STEP 2** If you wrote on your notepaper an amount in the 'Net taxable amount' column for a foreign pension or annuity which never had a UPP, write this amount at **L** item **20**. If you made a loss, print **L** in the **LOSS** box  at the right of **L** item **20**. Do not show cents.

If you wrote on your notepaper an amount in the 'Net taxable amount' column for a foreign pension or annuity which has or had a UPP, write this amount at **D** item **20**. If you made a loss, print **L** in the **LOSS** box  at the right of **D** item **20**. Do not show cents. Do not include as a loss any amount by which the UPP exceeds the amount of your foreign pension or annuity (including the amount of foreign tax added back to your foreign pension or annuity at step 1).

Go to part C on the next page.

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

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

**STEP 5** Work out the net taxable amount of your foreign employment income. This is your assessable foreign employment income less any deductible expenses you incurred in earning that income. If your deductible expenses incurred in relation to your employment income exceed your employment income, you have made a loss equal to the excess.

Write your net taxable amount on your notepaper in the column for 'Net taxable amount'.

The types of expenses you may be able to deduct are discussed at questions **D1** to **D5** on pages 27–38 in *TaxPack 2009*.

**NOTE**

Debt deductions, such as interest and borrowing costs, are not deductible for the purpose of this calculation. If you incurred debt deductions in earning your foreign employment income, see question **D15**.

**EXAMPLE 1**

Lachlan was employed in a foreign country from 15 October 2008 until 23 April 2009. During the period of his foreign employment, Lachlan earned A\$11,250 after he paid A\$3,750 in foreign tax and incurred deductible work-related expenses of A\$500 in relation to his foreign employment. After adding back the foreign taxes, Lachlan would have assessable foreign employment income of A\$15,000. After deducting his expenses, Lachlan would have net foreign employment income of A\$14,500.

**STEP 6** Did you:

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

If you have answered yes, go to step 7. If you have answered no, go to step 8.

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

If you were absent from the foreign country at any time during this period, read the fact sheet *Exempt foreign employment income* to find out whether we consider you to have been continuously employed in the foreign country. If you were working on a project approved by Austrade, read the fact sheet *Foreign income while working on an approved overseas project*. You can find the fact sheets and other information on foreign employment income on our website. If you need further help, phone the Individual Infoline.

If your period of continuous employment in a foreign country was 90 days or less, your foreign employment income is not exempt from tax. If it was 91 days or more, your foreign employment income will generally be exempt from tax. If you are not sure, phone the Individual Infoline. If your foreign employment income is not exempt from tax, go to step 8. Otherwise, read on.

If any of your foreign employment income is exempt from tax, write the amount (net of allowable expenses) at **N** item 20. Do not show cents. If the amount was a loss, write 0. You cannot claim a foreign income tax offset on this income.

If you wrote on your notepaper an amount in the 'Net taxable amount' column for a foreign pension or annuity which never had an undeducted purchase price (UPP), write this amount at **L** item 20. If you made a loss, print **L** in the **LOSS** box  at the right of **L** item 20. Do not show cents.

If you wrote on your notepaper an amount in the 'Net taxable amount' column for a foreign pension or annuity that has or had a UPP, write this amount at **D** item 20. If you made a loss, print **L** in the **LOSS** box  at the right of **D** item 20. Do not show cents. Do not include as a loss any amount by which the UPP exceeds the amount of your foreign pension or annuity (including the amount of foreign tax added back to your foreign pension or annuity at step 1).

**STEP 8** If you did not receive a foreign pension or annuity, write the amount from the 'Net taxable amount' column on your notepaper at **L** item 20. If you made a loss, print **L** in the **LOSS** box  at the right of **L** item 20. Do not show cents. Go to part C below.

If you did receive a net taxable foreign pension or annuity, on your notepaper add the amount in the 'Net taxable amount' column for any foreign pension or annuity that never had a UPP to your net taxable amount for foreign employment income. Write the total at **L** item 20. If you made a loss, print **L** in the **LOSS** box  at the right of **L** item 20. Do not show cents. Write the amount of any net taxable foreign pension or annuity which has or had a UPP at **D** item 20. If you made a loss, print **L** in the **LOSS** box  at the right of **D** item 20. Do not show cents. Do not include as a loss any amount by which the UPP exceeds the amount of your foreign pension or annuity (including the amount of foreign tax added back to your foreign pension or annuity at step 1).

**Foreign employment income paid in arrears**

If your net foreign employment income that is exempt from tax includes an amount paid in arrears and you are liable for the Medicare levy surcharge (see question **M2**) you need to provide the following additional information on a separate piece of paper:

- print SCHEDULE OF ADDITIONAL INFORMATION – ITEM 20 on the top
- print your name, address and tax file number
- show the amount of the payment in arrears for each income year involved
- sign your schedule and attach it to page 3 of your tax return, and
- print **X** in the **YES** box at *Taxpayer's declaration* question **2a** on page 8 of your tax return.

If you did not need to lodge a tax return for the two most recent years that the payment related to, you will need to follow the instructions in the last paragraph under the heading **Lump sum payments in arrears** at question **24** on page s33. Read below.

**PART C****Did you receive any foreign rental income?**

**NO**  Go to part D on the next page.

**YES**  Read below.

**STEP 1** Work out the assessable amount of your foreign rental income.

## 20 FOREIGN SOURCE INCOME AND FOREIGN ASSETS OR PROPERTY

If you had foreign tax taken away from this income, add it back to the amount you received. Write this amount on your notepaper in the column for 'Assessable amount'.

### STEP 2 Work out your net taxable foreign rental income.

Add up any deductible expenses that you incurred in relation to your foreign rental income. Take away this amount from the amount you worked out at step 1 to get your net taxable foreign rental income. If your deductible expenses incurred exceed this income, you have made a loss equal to the excess. Write your net taxable foreign rental income on your notepaper in the column for 'Net taxable amount'.

**STEP 3** If you wrote on your notepaper an amount in the 'Net taxable amount' column for foreign rental income, write this amount at **R** item 20. If you made a loss, print **L** in the **LOSS** box  at the right of **R** item 20. Do not show cents. Read below.

## PART D

### Did you:

- receive a lump sum payment from a foreign superannuation fund, or
- transfer money from a foreign superannuation fund to an Australian superannuation fund?

**NO**  Go to part E in the next column.

**YES**  Read below.

This part does not apply to the transfer of amounts from a foreign superannuation fund to another foreign superannuation fund.

Generally, a lump sum payment from a foreign superannuation fund is tax free if you received it within six months of you becoming an Australian resident or within six months after you terminate your foreign employment. If your lump sum payment satisfied one of these conditions, you do not need to show that amount anywhere on your tax return. The electronic publication *Super lump sums from a foreign super fund* has more detail. It is available on our website.

Certain lump sum payments received by Australian residents from foreign superannuation funds are taxable. This can include a lump sum payment from a foreign superannuation fund that was exempt from tax in the foreign country.

This can also include the direct transfer benefits from a foreign superannuation fund to an Australian superannuation fund when you have **not** made a choice that all or part of the assessable amount be treated instead as assessable income of the Australian superannuation fund. To make the choice, you need to pay the entire amount of the lump sum directly to the Australian superannuation fund.

The assessable amount of the lump sum payment is referred to as the applicable fund earnings. How the applicable fund earnings are calculated depends on whether you were an Australian resident at all times during the period to which the lump sum relates. The part of the assessable amount covered by the choice does not count towards either the concessional contributions cap or the non-concessional contributions cap.

The part of the lump sum payment transferred that is assessable income of the Australian superannuation fund because it exceeds amounts vested in the member at the time of the transfer counts towards the concessional contributions cap. The part of the lump sum payment transferred that is not covered by the choice and not included in the assessable income of the Australian superannuation fund counts towards the non-concessional contributions cap. For further information on the contributions caps, refer to the electronic publication *Super contributions – too much super can mean extra tax*. It is available on our website.

For more information, phone the Superannuation Infoline.

Determine the taxable amounts of any lump sum payments that you received from a foreign superannuation fund. Also, determine the taxable amounts of any payments transferred from a foreign superannuation fund to an Australian superannuation fund (for which you have not made a choice). Add the taxable amounts together and include the total (with any other amount from part E) at **M** item 20. If you made a loss, print **L** in the **LOSS** box  at the right of **M** item 20. Do not show cents.

Read on.

## PART E

### Did you receive any other foreign source income, including:

- interest
- modified passive income such as royalties or dividends
- any other foreign income?

**NO**  Go to part F on the next page.

**YES**  Read below.

If you received a payment from a foreign source on termination of your foreign employment, and it is not an **employment termination payment** or a **foreign termination payment** (both defined in question 4), and the payment was not shown on a *PAYG payment summary – individual non-business*, include the amount in the calculation of all other assessable foreign income.

If you have received dividends (including non-share dividends) from a New Zealand company, include those amounts at this item.

Also include any amounts of supplementary dividends and any income that you received or became entitled to during the income year from a partnership or a trust that is attributable to dividend income (or non-share dividends) from a New Zealand company.

Do not include any amount referable to Australian franking credits from a New Zealand company that you received directly or indirectly through a trust or partnership. Reduce the income you received or became entitled to by that amount. If you had foreign tax (including New Zealand non-resident withholding tax) taken away from this income, add it back to the amount you received.

**STEP 1** Add all the income you received in the above categories. If you had foreign tax taken away from this income, add it back to the amount you received. Write this amount on your notepaper in the column for 'Assessable amount'.

**STEP 2** Take away from this assessable amount any deductible expenses incurred in earning this foreign income. If your deductible expenses incurred exceed this income, you have made a loss equal to the excess.

**NOTE**

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

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

**STEP 3** Once you have worked through steps 1 and 2 include the total (with any other amount from part D) at **M** item 20. If you made a loss, print **L** in the **LOSS** box  at the right of **M** item 20. Do not show cents.

**PART F**

**Working out your assessable foreign source income**

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

Add up all the amounts you wrote on your notepaper under 'Assessable amount'. This is your total assessable foreign source income. Write this amount at **E** item 20. Do not show cents.

**NOTE**

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

If you have Australian franking credits, go to part G below. If you are entitled to a foreign income tax offset, go to part H in the next column. Otherwise, go to part I on the next page.

**PART G**

**Working out your Australian franking credits from a New Zealand company**

**STEP 1** Add up all amounts of Australian franking credits from a New Zealand company that you are entitled to, whether directly by way of franked dividends (or franked non-share dividends) paid to you by the company, or indirectly through a trust or partnership.

Do not include here Australian franking credits that you are not entitled to (for example, because the dividend, non-share dividend, or income from the trust or partnership is exempt, or because you fail the holding period rule or trigger the related payments rule).

For more information, see the publication *You and your shares 2009*.

At part E you worked out supplementary dividends that are paid in connection with dividends paid by a New Zealand company with Australian franking credits attached (franked dividends). If you are entitled to a foreign income tax offset because of the franked dividends, or because of their inclusion in your assessable income, the amount of Australian franking credits you would otherwise be entitled to is reduced. The amount of the reduction is the amount of the supplementary dividends (or your share of the supplementary dividends if you received them through a trust or partnership).

**STEP 2** Write the amount of Australian franking credits from a New Zealand company you are entitled to at **F** item 20. Do not show cents.

**STOP**

Do not include in the amount at **F** item 20:

- any Australian franking credits you received from an Australian company. Show these amounts at either item **12 Dividends** or item **13 Partnerships and trusts**
- any New Zealand imputation credits.

If you are entitled to a foreign income tax offset, go to part H below. Otherwise, go to part I on the next page.

**PART H**

**Working out your foreign income tax offset**

From 1 July 2008, foreign tax credits have been replaced with a foreign income tax offset. Your excess foreign tax credits from the period 1 July 2003 to 30 June 2008 must be converted to an amount called 'pre-commencement excess foreign income tax' before they can be used. If you have excess foreign tax credits, you need to read *Guide to foreign income tax offset rules* to work out how to convert and use them.

If you have paid foreign tax on an attribution account payment (usually a dividend distribution) you received that was paid out of previously attributed income and that payment is treated as non-assessable and non-exempt income, you will need to read *Guide to foreign income tax offset rules* to work out your foreign income tax offset.

**Have you shown exempt foreign employment income at N item 20?**

**NO**  Go to step 1 on the next page.

**YES**  Go to step 3 on the next page.

If an amount of foreign tax you have paid relates to an amount that differs from the amount included in your assessable income, you may not get a foreign income tax offset for all the foreign tax you have paid. For example, where you have both capital losses and foreign capital gains, the net capital gain included in your assessable income will be less than the foreign capital gain on which you paid foreign tax. You will need to read *Guide to foreign income tax offset rules* to work out how much of the foreign tax you paid entitles you to a foreign income tax offset.



## 20 FOREIGN SOURCE INCOME AND FOREIGN ASSETS OR PROPERTY

### STEP 1 Did the total amount of foreign tax you paid during 2008–09 exceed \$1,000?

**NO**  Write the combined total of foreign tax paid and pre-commencement excess foreign income tax up to \$1,000 at **O** item 20. Show cents. This amount cannot be greater than \$1,000. Go to part I below.

**YES**  Read below.

**STEP 2** If the total amount of foreign tax you paid during 2008–09 is greater than \$1,000 you need to work out the full amount of foreign income tax offset that you are entitled to claim. Read *Guide to foreign income tax offset rules* to work out the total foreign income tax offset you can claim.

Alternatively, you can simply claim a tax offset equal to \$1,000 of the foreign tax paid. If you claim only \$1,000 any excess of foreign tax paid over \$1,000 cannot be claimed in a future income year.

### Have you limited your tax offset claim to \$1,000 of the foreign tax paid?

**NO**  Read *Guide to foreign income tax offset rules*. Work out the total foreign income tax offset you can claim. Write the amount at **O** item 20. Show cents. Go to part I below.

**YES**  Write **\$1,000** at **O** item 20. Go to part I below.

**STEP 3** You will not be able to work out your foreign income tax offset. We will work it out for you. Provide the following information on a separate piece of paper:

- print SCHEDULE OF ADDITIONAL INFORMATION – ITEM 20 on the top
- print your name, address and tax file number
- print each type and amount of foreign income you earned, any foreign tax you paid on that foreign income and any pre-commencement excess foreign income tax amounts
- sign and attach your schedule to page 3 of your tax return, and
- print **X** in the **YES** box at *Taxpayer's declaration* question 2a on page 8 of your tax return.

## PART I

### At any time during 2008–09, did you own or have an interest in assets located outside Australia that had a total value of A\$50,000 or more?

If your only asset or assets held overseas are covered under question 19, your answer to this question is **NO**.

**NO**  Print **X** in the **NO** box at **P** item 20.

**YES**  Read below.

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

### ! DEFINITION

**Assets** include real estate, shares in companies or other entities, interests in partnerships or trusts, businesses, debentures, bonds, money or funds held in accounts or by other parties, loans to other parties and deposits. They also include intangible property such as trademarks, copyrights, patents, debtors or 'equitable choses in action'.

Determine the value of your overseas assets by historical cost or market value, whichever was greater. Use the exchange rate at 30 June 2009 to convert the value of the assets to Australian dollars or, if you disposed of the assets during the year, use the exchange rate at the time of disposal.

Print **X** in the **YES** box at **P** item 20 if your overseas assets – tangible or intangible – were valued at A\$50,000 or more, even if you did not receive any income from those assets this year.

### CHECK THAT YOU HAVE . . .

- written on your tax return:
  - the total amount of your assessable foreign source income
  - your net taxable foreign employment income
  - your taxable foreign pension or annuity income
  - the total amount of your other net foreign source income
  - your net foreign employment income that is exempt from tax
  - the total amount of your foreign income tax offsets that you can claim
- attached to page 3 of your tax return your signed SCHEDULE OF ADDITIONAL INFORMATION – ITEM 20, if you need to send us one
- kept your records with your other documents.



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

NO  Go to question 22.

YES  Read below.

#### STOP

Do not show at this item:

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

Question 20 **Foreign source income and foreign assets or property** tells you about income such as rent from properties located outside Australia and how to take related expenses into account.

#### ! CAPITAL GAINS TAX

If you disposed of your property (for example, by selling it, gifting it or transferring it to someone else) in 2008–09, capital gains tax may apply and you must read question 18. You will also need to read the *Guide to capital gains tax 2009* (NAT 4151).

### YOU NEED TO KNOW

You need to read the publication *Rental properties 2009* (NAT 1729) before you can answer this question. This publication is available on our website or to find out how to get a printed copy, see the inside back cover.

#### Rental income

This is the full amount of money you earn when you rent out your property. You must include any bond money retained in place of rent or kept because of damage to the property requiring repairs. An insurance payout for lost rent or a reimbursement of any rental expenses you claim in 2008–09 or claimed in an earlier year must also be included as income.

#### Rental expenses

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

Expenses could include advertising for tenants, bank charges, body corporate fees, borrowing expenses, council rates, decline in value of depreciating assets, gardening and lawn mowing, insurance, land tax, pest control, property agent fees or commissions, repairs and maintenance, stationery, phone, water charges, and travel undertaken to inspect the property or to collect the rent.

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

#### EXAMPLE

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

*Taxation Ruling IT 2167 – Income tax: rental properties – non-economic rental, holiday home, share of residence etc cases, family trust cases* will give you more details about apportionment.

#### Prepaid expenses

If you prepaid a rental property expense, such as insurance or interest on money borrowed, that covers a period of 12 months or less **and** the period ends on or before 30 June 2010, you can claim an immediate deduction. Otherwise, your deduction may have to be spread over two or more years under the prepayment rules if the expense is \$1,000 or more. See the publication *Deductions for prepaid expenses 2009* (NAT 4170).

#### Co-ownership

If you derived rent jointly (or in common) with another person from a jointly held property where you were not a member of a partnership carrying on a business of renting out properties, include your share of rent and expenses at this item.

If the title deed shows that you were a part owner of the property, include only your share of the rent and expenses on your tax return. For example, if you owned half of the property, you should show half of the rent and claim half of the deductible expenses for the property. *Rental properties 2009* provides further information on how to work out your share of the rent and expenses that you can claim.

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

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

**!** DEFINITION

A **depreciating asset** is an asset that has a limited effective life and can reasonably be expected to decline in value over the time it is used. Examples of depreciating assets are freestanding furniture, stoves, washing machines and television sets.

*Rental properties 2009* has a comprehensive list of depreciating assets found in residential rental properties.

The publications *Guide to depreciating assets 2009* (NAT 1996) and *Rental properties 2009* will help you understand the rules for working out your deduction for decline in value and other aspects of rental property ownership. *Guide to depreciating assets 2009* also contains details of the immediate deductions for assets whose cost (when added to the cost of other substantially identical assets or assets that make up a set) does not exceed \$300. It explains the low-value pool, to which you can allocate depreciating assets costing less than \$1,000 (low-cost assets) and depreciating assets written down to less than \$1,000 under the diminishing value method (low-value assets).

**!** NOTE

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

**Capital works deductions**

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

You can claim a deduction if:

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

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

The deduction does not apply until completion of the construction. The deduction is at the rate of 2.5% or 4% (adjusted for part-year claims) depending on the date the capital works began. *Rental properties 2009* will help you determine if you qualify and the appropriate rate.

**Thin capitalisation**

If you were an Australian resident and you (or any associate entities) had certain overseas interests or you were a foreign resident, the thin capitalisation rules may apply if your debt deductions, such as interest (combined with those of your associate entities) for 2008–09 were more than \$250,000. More information about thin capitalisation is available on our website.

**WHAT YOU MAY NEED**

You will need details of:

- all rental income earned
- interest charged on money you borrowed for the rental property
- other expenses relating to your rental property
- any expenditure on capital works to your rental property.

You may also need the following publications:

- *Guide to depreciating assets 2009*
- *Deductions for prepaid expenses 2009* (available only on our website)
- *Taxation Ruling IT 2167*.

➤ All 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** Write your share of the total amount of gross rent at **P** item **21** on page 11 of your tax return. Do not show cents.

**STEP 2** Write your share of the interest expenses that can be claimed as a deduction at **Q** item **21**. Do not show cents.

**STEP 3** Write your share of the capital works deductions that can be claimed as a deduction at **F** item **21**. Do not show cents.

**STEP 4** Write your share of the other rental expenses that can be claimed as a deduction (except any low-value pool deduction) at **U** item **21**. Do not show cents.

**STEP 5** Add up the amounts at **Q**, **F** and **U** item **21**. Take away the total from the amount at **P** item **21**. This is your net rent. Write this amount at **Net rent** item **21**. Do not show cents.

**STEP 6** If your expenses are greater than your gross rent, you have made a rental loss. Print **L** in the **LOSS** box  at the right of **Net rent**.

**CHECK THAT YOU HAVE . . .**

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

# Bonuses from life insurance companies and friendly societies

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

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

**NO**  Go to question **23**.

**YES**  Read below.

### STOP

Do not declare as income:

- any life insurance bonuses from policies that
  - you started before 28 August 1982
  - matured due to the death of the person insured
  - you surrendered due to an accident, illness or other disability of the person insured
  - you surrendered due to severe financial hardship
  - are retirement savings accounts
- any benefits you received from a friendly society that are bonuses from income bonds. Include these amounts at item **24 Other income**.

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

### YOU NEED TO KNOW

You need to include a bonus amount at this item if all the following conditions apply:

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

### IMPORTANT

If, during the term of your policy or bond, you increased the amount of your premiums by more than 25% of the amount of premiums you paid in the previous policy year, your policy is taken to start at the beginning of the policy year in which you paid the increased premiums. This means that you may need to include some or all of a bonus amount in your assessable income.

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

### NOTE

Different rules apply to a bonus received from a policy that started on or after 28 August 1982 and before 8 December 1983. Generally such a bonus does not need to be included in assessable income unless the policy has been taken to start at a later date and the rules apply. If you are not sure if you need to include your bonus phone the Individual Infoline (see the inside back cover).

### WHAT YOU MAY NEED

- Your life insurance policy
- Your friendly society policy
- Your life insurance bonus advice
- Your friendly society bonus advice

### COMPLETING THIS ITEM

Write at **W** item **22** on page 11 of your tax return:

- the whole bonus amount you received in 2008–09 if you received it during the first eight years of the policy
- two-thirds of the bonus amount you received in 2008–09 if you received it during the ninth year of the policy, or
- one-third of the bonus amount you received in 2008–09 if you received it during the 10th year of the policy.

Do not show cents.

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

### CHECK THAT YOU HAVE . . .

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

### TAX OFFSET

You will get a tax offset equal to 30% of any bonus amounts included in your income. We will work out this tax offset for you.

### Did you receive income from a forestry managed investment scheme (FMIS)?

- NO**  Go to question 24.
- YES**  Read below.

#### YOU NEED TO KNOW

A **forestry interest** in an FMIS is a right to benefits produced by the scheme (whether the right is actual, prospective or contingent and whether it is enforceable or not).

You are an **initial participant** in an FMIS if:

- you obtained your forestry interest in the FMIS from the forestry manager of the scheme, and
- your payment to obtain the forestry interest in an FMIS results in the establishment of trees.

You are a **subsequent participant** if you are not an initial participant.

A **forestry manager** of an FMIS is the entity that manages, arranges or promotes the FMIS.

The amount of your **total forestry scheme deductions** is the total of each amount that you can deduct or have deducted for each income year that you held your forestry interest. See question **D14 Forestry managed investment scheme deduction** for further information on amounts you can deduct.

The amount of your **incidental forestry scheme receipts** is the total of each amount that you received under the scheme in each income year that you held your forestry interest, other than amounts received because of a capital gains tax (CGT) event, that is, a sale or a harvest.

#### ▶ COMPLETING THIS ITEM

Show at **A** item 23 the total income from forestry interests you held in an FMIS from the following activities.

#### Initial participants

##### STEP 1 Thinning receipts

If you received thinning proceeds from your forestry interest, include the actual amount you received in the total amount at **A** item 23.

##### STEP 2 Sale and harvest receipts – forestry interest you no longer held

If a CGT event happened and you no longer held your forestry interest as a result of the CGT event, for example, because you have sold the interest to another person, or you have received harvest proceeds, include the market value of the forestry interest at the time of the CGT event in the total amount at **A** item 23.

##### STEP 3 Sale and harvest receipts – forestry interest you still held

If a CGT event happened and you still held your forestry interest, for example, because you have sold part of your interest or there was a partial harvest, include the amount by which the market value of your forestry interest was reduced in the total amount at **A** item 23.

#### Subsequent participants

##### STEP 4 Thinning receipts

If you received thinning proceeds from your forestry interest, include the actual amount you received in the total amount at **A** item 23.

##### STEP 5 Sale and harvest receipts – forestry interest you no longer held

If a CGT event happened and you no longer held your forestry interest as a result of the CGT event, for example, you sold your interest or you received harvest proceeds, include the lesser of the following two amounts in the total amount at **A** item 23:

- the market value of the forestry interest (at the time of the CGT event), or
- the amount (if any) by which the total forestry scheme deductions exceeded the incidental forestry scheme receipts.

##### STEP 6 Sale and harvest receipts – forestry interest you still held

If a CGT event happened and you still held your forestry interest, for example, because you have sold part of your interest or there was a partial harvest, include the amount worked out below in the total amount at **A** item 23.

Work out the lesser of the following two amounts:

- the market value of the forestry interest (at the time of the CGT event), or
- the amount (if any) by which the total forestry scheme deductions exceeded the incidental forestry scheme receipts.

Use the lesser of the two amounts above in the following formula:

$$\frac{\text{lesser of two amounts above}}{\times} \frac{\text{the decrease (if any) in the market value of the forestry interest (as a result of the CGT event)}}{\text{the market value of the forestry interest just before the CGT event}}$$

Include at **A** item 23 the amount you worked out using the above formula.

**STEP 7** Add up all the amounts included in your forestry managed investment scheme (FMIS) income at steps 1 to 6.

**STEP 8** Write the total from step 7 at **A** item 23.

For more information on the capital gains tax (CGT) treatment of your forestry interest, see the *Guide to capital gains tax 2009* (NAT 4151) available on our website.

#### EXAMPLE 1

Julian is a subsequent participant in an FMIS. He sells his forestry interest at the market value of \$20,000. The sale of his forestry interest is a CGT event. His original cost base is \$14,000.

In the time that Julian held his forestry interest, he claimed \$4,000 in deductions (his 'total forestry scheme deductions') for lease fees, annual management fees and the cost of felling that he paid to the forestry manager. In the same period, Julian received \$1,500 from thinning proceeds (his 'incidental forestry scheme receipts').

Julian writes **\$2,500** (that is, \$4,000 – \$1,500) at **A** item **23**, because this amount is less than the market value of his forestry interest at the time of the CGT event.

#### EXAMPLE 2

John is a subsequent participant in an FMIS. He receives harvest proceeds over two income years. He receives his first harvest payment of \$5,000 in the 2008–09 income year.

The market value of John's forestry interest is \$20,000 just before he receives his first harvest payment (which is a CGT event). After John receives this first harvest payment, the market value of his forestry interest is reduced to \$15,000. His original cost base is \$14,000.

In the time that he held his interest, he claimed \$4,000 in deductions (his 'total forestry scheme deductions') for lease fees, annual management fees and the cost of felling that he paid to the forestry manager. In the same period, John received \$1,500 from thinning proceeds (his 'incidental forestry scheme receipts').

##### Step 1

The market value of the forestry interest (at the time of the CGT event) is \$20,000.

The amount by which the total forestry scheme deductions exceeds the incidental forestry scheme receipts is \$2,500 (that is, \$4,000 – \$1,500).

The amount to use in step 2 is \$2,500.

##### Step 2

$$\$2,500 \times \frac{\$5,000}{\$20,000} = \$625$$

##### Step 3

John writes **\$625** at **A** item **23**.

##### Step 4

In the 2009–10 income year, John will receive his final harvest payment (which is a CGT event) of \$15,000. He will not have paid any other fees in the 2009–10 income year.

John will write **\$1,875** (that is, \$2,500 – \$625) at **A** item **23** on his 2010 tax return.



**Did you receive any other income?**

Other income includes:

- an amount released by one or more of your superannuation funds greater than the excess contributions tax liability stated on the release authority. The release authority is sent to you with the notice of assessment for excess contributions tax
- discounts on shares, stapled securities or rights acquired under an employee share scheme
- lump sum payments in arrears. Do not include lump sum payments in arrears relating to superannuation income streams – show them at item **7**
- foreign exchange gains
- royalties
- bonus amounts distributed from friendly society income bonds
- taxable scholarships, bursaries, grants or other educational awards
- benefits or prizes from investment-related lotteries and some game-show winnings
- income from activities as a special professional – author of a literary, dramatic, musical or artistic work, inventor, performing artist, production associate or active sportsperson. Amounts you have already included at item **1, 2, 13, 14** or **15** may also have to be shown here as you may be entitled to a concessional rate of tax if you have certain amounts of professional income. You will not be taxed twice on these amounts
- reimbursements of tax-related expenses (including amounts imposed by the Tax Office as an interest charge) or election expenses which you have claimed as a deduction
- any assessable balancing adjustment when you stop holding a depreciating asset (for example, because of its disposal, loss or destruction) for which you have claimed a deduction for depreciation or decline in value in previous years. Your car is a depreciating asset
- payments made to you under an income protection, sickness or accident insurance policy where the premiums were deductible and the payments replaced income. Do not include payments from which tax has been withheld which you have already shown at item **1**, or payments which have been shown on a payment summary which you have already shown at item **2**
- interest from infrastructure borrowings if you intend to claim a tax offset at item **T15**
- interest derived under the land transport facilities tax offset scheme
- gains derived on disposal or redemption of traditional securities that are assessable under section 26BB of the *Income Tax Assessment Act 1936*
- allowances or payments you received as a member of a local government council that you have not shown at item **1** or **2**
- other taxable allowances or payments you received from Centrelink that you have not shown at item **5** or **6**
- work-in-progress amounts assessable under section 15-50 of the *Income Tax Assessment Act 1997* that you received and have not included at item **15 Net income or loss from business**.

NO Go to **Total supplement income or loss** on page s35.YES 

Read below.

For an explanation of many of these types of income, see **You need to know** below. If you have income not listed here that you are unsure about, visit our website or phone the Individual Infoline (see the inside back cover).

**STOP**

Do not show at this item:

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

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

**YOU NEED TO KNOW****An amount released by one or more of your superannuation funds which is greater than the excess contributions tax liability**

If you use a release authority that we give you to withdraw an amount from your superannuation fund, the payment is tax free unless you withdraw an amount greater than the excess contributions tax liability printed on the release authority.

You must include the excess of the total amount released to you over the excess contributions tax liability printed on the release authority in your assessable income for the income year in which you withdrew the money.

For further information see the electronic publication *Super contributions – too much super can mean extra tax*. It is available on our website.

**Discounts on shares, stapled securities or rights acquired under an employee share scheme****STOP****Shares, rights and options acquired after 7:30pm (AEST) on 12 May 2009**

In the 2009 Federal Budget the Government announced changes to the income tax concessions previously available to participants in employee share schemes. The changes will apply to shares and rights acquired under an employee share scheme after 7:30pm (AEST) on 12 May 2009.

The measure will remove the ability of taxpayers to elect to either have the discount on qualifying share and rights acquired under an employee share scheme taxed upfront or in the future. This will mean that discounts provided on all shares or rights acquired under an employee share scheme will be assessed in the income year the shares or rights are acquired. The measure will also limit access to the existing tax exemption of up to \$1,000 of the total discounts received to employees with an adjusted taxable income of less than \$60,000.

At the time of printing, legislation had not been enacted to give effect to the new measure. Go to our website at [www.ato.gov.au](http://www.ato.gov.au) for instructions on how to complete your tax return and information about the progress of the Bill.

These changes may also affect the calculation of the amount to be shown at question **T13 Net income from working**.

You may need to include as income at this item discounts (the difference between the market and acquisition prices) on shares, stapled securities or rights to acquire them (including options) that you received under an employee share scheme, whether issued in Australia or overseas. You can acquire a right at a discount even though its exercise price is the market value of the share or stapled security at the time the right was granted.

If your scheme meets certain conditions, tax may be deferred on the discount until a later year of income unless you elect to include the discount in the year you acquired the shares, stapled securities or rights (qualifying interests). If you make this election, and you satisfy some additional conditions, only the amount of the discount over \$1,000 is included in your income.

If the scheme does not meet the conditions, you will be taxed on the discount in the year in which you receive the qualifying interests. The prospectus for the share scheme or a letter from your employer should advise you of the Australian taxation implications of receiving these qualifying interests.

If you make the election, you must record it on your income tax return for the income year in which you acquire the qualifying interests. Your election applies to all the qualifying interests you acquire in an income year.

In certain situations, the law treats you as if you had made the election, and there is no need for you to complete **C** item **24** or include an amount as income at **B** item **24**. You will be treated as having made the election if:

- the total discount you receive on qualifying interests from all employee share schemes in the 2008–09 income year is \$1,000 or less, and
- all the schemes from which you received qualifying interests meet conditions that allow the first \$1,000 of the total discount on qualifying interests to be exempt from tax. The prospectus for the share scheme or a letter from your employer should tell you whether the first \$1,000 of the total discount on qualifying interests will be exempt from tax.

If you choose to make the election:

- print **Y** in the box at **C** item **24**, and
- include the assessable discount amount as income at **B** item **24**.

You cannot revoke an election you have made.

If you qualify as a temporary resident and acquire shares, stapled securities or rights under an employee share scheme, special rules may apply to calculate your discount. See the electronic publication *Foreign income exemption for temporary residents – employee share schemes*. It is available on our website.

➤ If you disposed of your employee share scheme shares, stapled securities or rights because of a corporate restructure or 100% takeover and received replacement shares, stapled securities or rights, special provisions may apply. See the electronic publication *Employee share schemes – rollover relief* for further information. It is available on our website.

For shares, stapled securities or rights to acquire either, it is important to keep a record of:

- the date you acquired them and the date you sold them (or the date you exercised the rights)
- the total number you purchased, exercised or sold
- the amount you paid or received
- the amount or percentage of the discount you received or other proof of the market price, and
- details of any election you have made to include any discount in the year of acquisition.

If a relative or other associate has acquired shares or stapled securities or obtained rights to acquire them as a result of your involvement in an employee share scheme, phone the Individual Infoline.

➤ The electronic publication *Employee share schemes – answers to frequently asked questions by employees* contains more information about calculating employee share scheme discounts. It is available on our website.

### Lump sum payments in arrears

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

Include at this item any lump sum payments you received in relation to the following:

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

You may get a tax offset if you received certain lump sum payments in 2008–09. We will calculate the tax offset for you. You need to provide additional information. Print **SCHEDULE OF ADDITIONAL INFORMATION – ITEM 24** on the top of a separate piece of paper and show the amount of the payment in arrears for each income year involved. Include your name, address and tax file number. Print **X** in the **YES** box at *Taxpayer's declaration* question **2a** on page 8 of your tax return. Sign your schedule and attach it to page 3 of your tax return.

If you did not need to lodge a tax return for the two most recent years that the payment related to, include on your schedule details of what your taxable income – including your lump sum payments in arrears – would have been had you lodged tax returns in those two years.

### Foreign exchange gains

Unless you carried on a business and have included all your foreign exchange gains (forex gains) in calculating your business net income or loss at item **15**, your forex gains must be shown at this item (except any foreign source forex gains that you have included at item **20**).

Under the forex measures, gains attributable to a fluctuation in a currency exchange rate or to an agreed exchange rate differing from an actual exchange rate are included in assessable income. The gains are assessable when they are realised. This is when:

- you dispose of foreign currency or a right thereto

## 24 OTHER INCOME

- you cease to have a right to receive or pay foreign currency, or
- you cease to have an obligation to pay or receive foreign currency.

Some forex gains are not assessable, and in some circumstances, you may make an election that affects the realisation or treatment of a forex gain. These are set out on our website, together with more information about the forex measures and how to calculate your foreign exchange gains.

If you had a deductible foreign exchange loss, go to question **D15**.

### Royalties

If you were an Australian resident for tax purposes in 2008–09, include at this item income from royalties that has not been included at either item **15** or **20**.

### Bonus amounts distributed from friendly society income bonds

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

### Taxable scholarships, bursaries, grants and other educational awards

Include at this item any income from a scholarship, bursary, grant or other award that you have to pay tax on, unless you have already shown it at item **1** or **2**, or in calculating your business net income or loss shown at item **15**. If you are not sure about a payment, contact the organisation that paid you. If you then need more information, phone the Individual Infoline.

### Benefits or prizes from investment-related lotteries and some game-show winnings

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

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

### Income from activities as a special professional

If you are a special professional, you must include your taxable professional income at this item.

A special professional is an author of a literary, dramatic, musical or artistic work, an inventor, a performing artist, a production associate or an active sportsperson. As a special professional, you may be entitled to a concessional rate of tax where your taxable income includes certain amounts of professional income which, when added to your other income, moves you into a higher tax bracket.

You are entitled to this concession in 2008–09 if:

- you were an Australian resident **and**
- you were a special professional **and**
- your taxable professional income was more than \$2,500 in the first year that this concession applied.

➤ You will need to read *Income averaging for special professionals 2009* (NAT 2475) before you can complete this item. This publication explains how you work out your taxable professional income. It is available on our website.

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

If you received a reimbursement or refund in 2008–09 of any tax-related expenses or election expenses which you have claimed, you must include the amount at this item.

This question also applies to any remission of a Tax Office interest or underestimation charge. If you claimed a deduction for an interest or underestimation charge incurred in 2007–08 or earlier years and received a remission (a partial or full reduction) of that charge in 2008–09, you must include the amount of the remission at this item. Similarly, if you are claiming at item **D9** a deduction for an interest charge incurred during 2008–09, and some or all of it was remitted during the 2008–09 year, you must include the amount of the remission at this item.

### Assessable balancing adjustment

You must include at this item any assessable balancing adjustment when you stop holding a depreciating asset (for example, when it is sold, lost or destroyed) for which you have claimed a deduction for depreciation or decline in value in previous years. You may be entitled to a deduction if an employee or agent misappropriates some or all of the amount that you received, or were entitled to receive, as a result of you no longer holding the depreciating asset. The publication *Guide to depreciating assets 2009* explains how to make assessable balancing adjustment calculations.

### Gains derived on disposal or redemption of traditional securities

The gains derived on disposal or redemption of traditional securities are assessable under section 26BB of the *Income Tax Assessment Act 1936* (ITAA 1936).

➤ For more information, see the section on **Sale or disposal of company bonds and convertible notes** in *You and your shares 2009* (NAT 2632). This publication is available on our website or to find out how to get a printed copy, see the inside back cover.

### Other allowances and payments from Centrelink

You must include at this item any taxable allowances and payments from Centrelink that you have not already shown at item **5** or **6**.

## ➤ COMPLETING THIS ITEM

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

### Types of income

#### Category 1

- Lump sum payments in arrears except lump sum payments in arrears relating to superannuation income streams
- Foreign exchange gains
- Benefits or prizes from investment-related lotteries and some game-show winnings
- Reimbursements of tax-related expenses or election expenses
- Any assessable balancing adjustment when you stop holding a depreciating asset
- A gain on the disposal or the redemption of traditional securities that is assessable under section 26BB of the ITAA 1936
- Discounts on qualifying shares, stapled securities or rights acquired under an employee share scheme where the shares, stapled securities or rights were issued to you in a previous year

- Work-in-progress amounts assessable under section 15-50 of the *Income Tax Assessment Act 1997*

### Category 2

- Any income not described in category 1.

Do not include in category 2 discounts on qualifying shares, stapled securities or rights issued to you in 2008–09, unless the cessation time\* for the shares also occurred in 2008–09 and you choose not to make an election at **C** item 24.

- If you make an election at **C** item 24 (rather than the law treating you as having made the election) show the total amount of the discounts at **B** item 24. (If you satisfy the additional conditions discussed at **Discounts on shares...** on page s32, show only the amount of the discount over \$1,000 at **B** item 24.)
- If you choose not to make an election at **C** item 24 (and the law does not treat you as having made the election) you will show the discounts as income in a later year except where the cessation time\* for the shares also occurred in 2008–09.

Category 2 income shown at this item and certain amounts of income from some other items are used in working out whether you have to pay PAYG instalments and, if so, your instalment rate.

If you have only one type of income in either category, print a description in the relevant **Type of income** category box(es) at item 24 on page 11 of your tax return.

If you received more than one type of either category of income, you will need to provide full details. Print **ADDITIONAL INFORMATION** in the relevant **Type of income** category box. Print **SCHEDULE OF ADDITIONAL INFORMATION – ITEM 24** on the top of a separate piece of paper. Include your name, address and tax file number.

\* For more information about cessation time, see the electronic publication *Employee share schemes – answers to frequently asked questions by employees* on our website at [www.ato.gov.au](http://www.ato.gov.au)

Show each type and amount of income you received within the category. Print **X** in the **YES** box at *Taxpayer's declaration* question 2a on page 8 of your tax return. Sign your schedule and attach it to page 3 of your tax return.

**STEP 2** If you received lump sum payments in arrears, write the amount of any tax withheld from these payments at **E** item 24. Do not show any tax withheld included elsewhere on your tax return.

**STEP 3** If you are a special professional, write the taxable professional income you received at **Z** item 24. Do not show cents. We take this amount into account for income averaging.

**STEP 4** Add up all your category 1 income and write the total at **Y** item 24 on page 11 of your tax return. Do not show cents.

**STEP 5** Add up all your category 2 income, including the amount you wrote at **Z** item 24 unless you have already counted it in your answer to question 1, 2, 13, 14 or 15, (but do not include income you wrote at **B** item 24), and write this total at **V** item 24. Do not show cents.

**STEP 6** If you have made an employee share scheme election, print **Y** at **C** item 24 and write the assessable discount amount arising from the making of the election at **B** item 24.

### CHECK THAT YOU HAVE . . .

- printed on your tax return your type of income
- written on your tax return the total of your other income
- attached to page 3 of your tax return your signed **SCHEDULE OF ADDITIONAL INFORMATION – ITEM 24**, if you need to send us one.

## Total supplement income or loss

**STEP 1** Add up all the income amounts in the right-hand column of items 13 to 24 on your tax return (supplementary section). Include any primary production and non-primary production deferred non-commercial business losses added back at item 16.

**STEP 2** Add up all the loss amounts – if any – in the right-hand column of items 13, 14, 15, 17 and 21.

**STEP 3** Take away the amount you worked out at step 2 from the total income amount you worked out at step 1. Your answer is your total supplement income or loss.

**STEP 4** Write your answer from step 3 at **TOTAL SUPPLEMENT INCOME OR LOSS** on page 2 of your tax return. Do not show cents. If you made an overall loss, print **L** in the **LOSS** box  at the right of **TOTAL SUPPLEMENT INCOME OR LOSS**.

**STEP 5** Transfer the amount you wrote at **TOTAL SUPPLEMENT INCOME OR LOSS** to **I** on page 2 of your tax return. If the amount was a loss, print **L** in the **LOSS** box  at the right of the amount.

**STEP 6** Go to page 23 in *TaxPack 2009* to calculate your **TOTAL INCOME OR LOSS** – then work through the **Deductions** section, starting on page 24 in *TaxPack 2009*.

### STOP

If you were 55 years or older on 30 June 2009, you may be entitled to the mature age worker tax offset. Certain income from items 13, 14, 15, 16, 17, 20 and 24 will be used to calculate your net income from working. You will need to show this at item **T13 Net income from working – supplementary section**. We will then calculate your mature age worker tax offset entitlement.



## D10 Deductions

## Australian film industry incentives

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

You must have invested in a film that has a certificate from the Minister for Environment, Heritage and the Arts, stating that it is a qualifying Australian film or a film certified as an Australian film.

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

From 1 July 2007 subscriptions for shares in a film licensed investment company are no longer deductible.

**NO**  Go to question **D11**.

**YES**  Read on.

### WHAT YOU NEED

You need to read the publication *Australian film industry incentives 2009* (NAT 0954) before you can answer this question. 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** Work out the amount you can claim using the publication *Australian film industry incentives 2009*.

**STEP 2** Write the amount you can claim at **G** item **D10** on page 11 of your tax return. Do not show cents.

## D11 Deductions

## Deductible amount of undeducted purchase price of a foreign pension or annuity

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

**NO**  Go to question **D12**.

**YES**  Read below.

### YOU NEED TO KNOW

#### UPP of a foreign pension or annuity

If you showed income from a foreign pension or annuity at **D** item **20** on your tax return (supplementary section), you may be entitled to claim a deduction to reduce the taxable amount of the pension or annuity income if your pension or annuity has a UPP. Only some foreign pensions and annuities have a UPP.

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

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

If you already know your deductible amount, go to **Completing this item** on the next page.

### ! CAUTION

If you are claiming a deduction at this item, check that you have shown your net foreign pension or annuity income at **D** item **20 Foreign source income and foreign assets or property** on your tax return (supplementary section).

#### Austrian pensions

If you received an age, premature age, invalid, disability, widowed persons or orphans pension paid by an Austrian superannuation insurance fund under one of the Austrian social insurance Acts – Allgemeines Sozialversicherungsgesetz (ASVG), Gewerbliches Sozialversicherungsgesetz (GSVG) or Bauern-Sozialversicherungsgesetz (BSVG) – you are entitled to a deductible amount.

Where you have evidence of your actual contributions, actual monthly salary or you have received from the Austrian superannuation insurance fund a list of your insurance periods, you will need to complete a *Request for a determination of the deductible amount of UPP of a foreign pension or annuity* (NAT 16543).



**British pensions**

If you received a category A pension or a category B widows pension from the United Kingdom State (UK State) Pension (previously known as the British National Insurance Scheme), you are entitled to an undeducted purchase price (UPP) deduction. These pensions are paid from Newcastle-upon-Tyne.

One method of calculating your deduction is to multiply your UK State 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 (see the inside back cover).

**Dutch pensions**

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

**German pensions**

If you received a German pension you will need to provide a copy of the insurance resume (Versicherungsverlauf) from the pension provider. You will need to contact the pension provider directly to obtain this information. When you have evidence of your employment history and the salary income that you earned at those dates, you will need to complete a *Request for a determination of the deductible amount of UPP of a foreign pension or annuity*.

**Italian pensions**

If you received an Italian government pension, the Italian government authorities will send you an Article 10 letter (previously known as an Article 17 letter) each year giving you an estimate of the amount of pension income you will receive, and the amount that you contributed towards your pension. If you are unable to work out your deductible amount, you will need to complete a *Request for a determination of the deductible amount of UPP of a foreign pension or annuity*.

**Pensions from another country**

If you received a pension from another country, other than an Austrian, British, Dutch, German or Italian pension and you think you are entitled to claim a deductible amount, complete a *Request for a determination of the deductible amount of UPP of a foreign pension or annuity*.

**! NOTE**

If you need to complete a *Request for a determination of the deductible amount of UPP of a foreign pension or annuity* and provide the additional information required – you can get it from our website, or to find out how to get a printed copy, see the inside back cover.

**▶ COMPLETING THIS ITEM**

Write the deductible amount of your UPP at **Y** item **D11** on page 11 of your tax return. Do not show cents.

If you do not know your deductible amount, leave **Y** item **D11** blank, and complete a *Request for a determination of the deductible amount of UPP of a foreign pension or annuity* and provide the additional documentation required.

Print **X** in the **YES** box at *Taxpayer's declaration* question **2a** on page 8 of your tax return. Sign your *Request for a determination of the deductible amount of UPP of a foreign pension or annuity* and attach it to page 3 of your tax return.

**We will address your request in the form of a private binding ruling (PBR) which is legally binding on the Commissioner.** We will process your tax return once the PBR is finalised.

If you need information or assistance with this question, phone the Superannuation Infoline (see the inside back cover).

## D12 Deductions

## Personal superannuation contributions

### Did you make personal superannuation contributions during the year to a complying superannuation fund or a retirement savings account (RSA)?

**NO**  Go to question D13.

**YES**  You may be able to claim a deduction. Read below.

#### STOP

You cannot claim a deduction at this item for personal superannuation contributions if:

- you did not make personal superannuation contributions before the end of the income year (contributions received by the superannuation fund after the end of the income year can only be claimed in the income year in which they were made)
- you were 75 years of age or over and the contributions were paid after the day that is 28 days after the end of the month in which you turned 75 years of age
- you were under 18 years of age at the end of the income year and you did not receive any income from activities that resulted in you being **treated as an employee** for the purposes of the Superannuation Guarantee or from you **carrying on a business** (see **You need to know** in the next column for an explanation of when you are an employee or when you are carrying on a business), or
- either one of the following set of circumstances apply to you:
  - you made a contribution that was attributable, either in whole or in part, to a capital gain that you have made and you have chosen to apply the small business capital gains tax retirement exemption to all or part of that capital gain, and you were under 55 years old just before you made that choice, or
  - the contribution was attributable, either in whole or in part, to a capital gain and a company or trust has chosen to apply the small business capital gains tax retirement exemption to all or part of that capital gain, and you were under 55 years old just before the contribution was made.

For more information on the retirement exemption, read *Capital gains tax concessions for small business* (NAT 8384). It is available on our website.

You may be entitled to a Super Co-contribution of up to \$1,500 for your personal contributions that you do not claim as a tax deduction (see **You need to know** in the next column for an explanation of when you are entitled to a Super Co-contribution).

### Are you eligible to claim a deduction?

You may be able to claim a deduction for personal contributions you made to a complying superannuation fund or RSA in 2008–09 if:

- you have, using an approved form, given a valid notice to your fund or RSA provider and advised them of the

amount you intend to claim as a deduction (you must give this notice before you lodge your 2009 tax return or 1 July 2010, whichever is earlier)

- your fund or RSA provider has provided you with an **acknowledgment** of your valid notice **and**
- either of the following applied to you:
  - you were fully self-employed and not working under contract principally for your labour
  - less than 10% of the sum of your assessable income plus your total reportable fringe benefits amounts (shown at item **10** on your tax return) is attributable to the activities that result in you being treated as an employee for the purposes of the Superannuation Guarantee (see **You need to know** below for an explanation of the activities and also see the note below).

#### NOTE

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

- you had a distribution from a partnership or trust, income or losses from rent or business (including personal services income), capital gains or capital losses or foreign source income, or
- you claimed a deductible amount for a foreign pension or annuity at item **D11** on your tax return.

In either case, phone the Superannuation Infoline (see the inside back cover) for help in working out your assessable income.

### YOU NEED TO KNOW

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

If you have reached 65 years of age, you can only make personal contributions if you meet certain conditions. You should check with your superannuation fund or RSA provider.

Generally, you will be **treated as an employee** for Superannuation Guarantee purposes if you are paid salary and wages in return for your labour or services. Activities that resulted in you being treated as an employee for the purposes of the Superannuation Guarantee also include holding an office or appointment and performing functions or duties. For further information, refer to *Superannuation Guarantee Ruling SGR 2005/1 – Superannuation guarantee: who is an employee?* and *Superannuation Guarantee Ruling SGR 2005/2 – Superannuation guarantee: work arranged by intermediaries*. These publications are available on our website or to find out how to get a printed copy, see the inside back cover.

You were **carrying on a business** if you were engaged in any profession, trade, employment, vocation or calling other than being an employee.

Complete this item only if your superannuation fund or RSA provider has given you an acknowledgment of your valid notice which advised them of the amount you intend to claim as a deduction.

## Superannuation contributions splitting

Complying superannuation funds and RSA providers may allow you to split your superannuation contributions with your spouse. However, personal superannuation contributions for which you don't claim an income tax deduction cannot be split to your spouse's superannuation account.

If you intend to lodge a notice of intention to claim a deduction for personal superannuation contributions with your fund, you must do it before you lodge your superannuation contributions splitting application for those contributions.

A superannuation contributions splitting application can only be made to your fund or retirement savings account (RSA) provider:

- during the income year that follows the end of the income year in which you made the contributions, or
- during the same income year you made the contributions if your entire benefit is to be rolled over, transferred or cashed before the end of that year.

For further information, refer to the electronic publication *Superannuation contributions splitting* (NAT 14969). It is available on our website.

## Super Co-contribution

You may be entitled to the Super Co-contribution of up to \$1,500 a year for personal (after-tax) superannuation contributions that you made during the income year that you do not claim as a tax deduction. The Government will pay \$1.50 for every \$1 you contribute, up to a maximum co-contribution of \$1,500 a year. Any contributions received by your superannuation fund after the end of the income year can only be taken into account for the next year.

The maximum co-contribution applies if your total income is \$30,342 or less. (Your total income is your assessable income plus reportable fringe benefits shown at item **10** on your tax return.) If you have income from carrying on a business, your business expenses are deducted from your total income for working out the amount of the co-contribution. The maximum co-contribution you could receive is reduced if your total income is above \$30,342 (the lower income threshold).

To receive a co-contribution your total income (that is, your assessable income plus reportable fringe benefits) must be less than the higher income threshold, currently \$60,342. You must also earn 10% or more of your total income from employment, carrying on a business (**without** deducting business expenses) or a combination of both. Your income from carrying on a business includes gross income you earn as a sole trader and distributions of business income from a partnership, but does not include trust distributions. Some other eligibility conditions apply and more information is available on our website [www.ato.gov.au/super](http://www.ato.gov.au/super) or by phoning the Superannuation Infoline.

We will use the income and deductions information on your income tax return and contributions information we receive from your superannuation fund or RSA provider to work out whether you are eligible in the corresponding income year. If you are, we will automatically calculate the co-contribution amount and deposit it into your superannuation account. You must not report the personal contributions that you want to have matched for a co-contribution at this item. **Show only contributions for which you are claiming a deduction at this item.**

The Super Co-contribution will generally be paid directly into the superannuation account to which you made your personal superannuation contribution, providing that fund will accept the co-contribution.

If you wish to have your co-contribution paid into a particular superannuation fund, you can complete a *Superannuation fund nomination* (NAT 8676) which is available on our website or phone the Superannuation Infoline.

### ! NOTE

Check that you have provided your tax file number to your superannuation fund to ensure you receive your co-contribution entitlement.

## Contributions caps

Caps apply to contributions made to your super account. Contributions that exceed the cap amounts are subject to extra tax. The amount of the cap and how much extra tax you pay on the amount in excess of the cap depends on whether the contributions are concessional or non-concessional contributions.

If your contributions exceed the relevant contributions cap, an assessment will be made for excess concessional contributions tax or excess non-concessional contributions tax on the excess contributions.

## Concessional contributions cap

The concessional contributions cap for 2008–09 is \$50,000 per person. However, if you are 50 years of age or over on the last day of the income year beginning on or after 1 July 2008 (for most people this will be 30 June 2009), your concessional contributions cap for 2008–09 is \$100,000.

Amounts that are concessional contributions include (but are not limited to):

- employer contributions including contributions made under a salary sacrifice arrangement
- personal contributions claimed as an income tax deduction
- certain amounts transferred from reserves within a superannuation fund
- notional taxed contributions in respect of defined benefit funds
- other amounts that are included in the assessable income of the superannuation fund (for example, a shortfall component of Superannuation Guarantee and transfers from the Superannuation Holding Accounts special account)
- the taxable component of a directed termination payment in excess of an individual's \$1 million lifetime limit.

## Non-concessional contributions cap

The non-concessional contributions cap for 2008–09 is \$150,000 per person. If you are under 65 years of age at any time in 2008–09, instead of the yearly cap of \$150,000 you have the option of contributing up to \$450,000 over a three-year period (the 'bring forward option') – but certain conditions apply. First, the bring forward option has to be triggered – this will automatically happen when your contributions exceed \$150,000 in a particular year. Once this happens, you can spread out your remaining contributions, as long as they don't exceed \$450,000 over the three-year period that started in the year the bring forward option was triggered. If you

## D12 PERSONAL SUPERANNUATION CONTRIBUTIONS

contributions are more than \$450,000 within this three-year period, you will be liable for the excess non-concessional contributions tax.

Amounts that are non-concessional contributions include (but are not limited to):

- personal contributions not claimed as an income tax deduction
- contributions that your spouse makes to your super fund but does not claim an income tax deduction for
- contributions in excess of your concessional contributions cap (that is, your excess concessional contributions)
- contributions in excess of your capital gains tax (CGT) cap amount
- amounts transferred from foreign super funds (excluding amounts included in the fund's assessable income)
- contributions not previously counted as non-concessional contributions in respect of a fund that goes from being a non-complying fund to a complying fund
- contributions made for you, other than those made by your employer, if you are less than 18 years of age.

➤ For further information on the contributions caps, as well as your CGT cap amount, refer to the electronic publication *Super contributions – too much super can mean extra tax*. It is available on our website.

### ➤ COMPLETING THIS ITEM

#### STEP 1 Were you 18 years or over on 30 June 2009?

YES  Go to step 3.

NO  Go to step 2.

#### STEP 2 Did you receive income from carrying on a business or from activities that resulted in you being treated as an employee for Superannuation Guarantee purposes?

YES  Go to step 5.

NO  You are not entitled to a deduction for personal superannuation contributions. Go to question **D13**.

#### STEP 3 Did you reach 75 years of age before 1 June 2008?

YES  You are not eligible to claim a deduction for personal superannuation contributions for the 2008–09 year. Go to question **D13**.

NO  Go to step 4.

#### STEP 4 Did you reach 75 years of age between 1 June 2008 and 31 May 2009 inclusive?

NO  Go to step 5.

YES  Add up all the contributions you made between 1 July 2008 and the 28th day of the month following your 75th birthday (inclusive) which you wish to claim as a tax deduction. Write the amount at **H** item **D12** on page 11 of your tax return. Do not show cents. Go to step 6.

**STEP 5** Add up all your 2008–09 contributions which you are eligible to claim as a tax deduction, and write the amount at **H** item **D12** on page 11 of your tax return. Do not show cents. Go to step 6.

**STEP 6** If you contributed to only one fund or retirement savings account (RSA), print its full name, either its Australian business number (ABN) or tax file number (TFN), and your account number in the boxes at item **D12**. Remember, your fund or RSA provider must have given you an acknowledgment to your valid notice which advised them of the amount you are claiming as a deduction.

If you contributed to more than one fund or RSA, print **ADDITIONAL INFORMATION** in the **Full name of fund** box at item **D12**. Add up all your 2008–09 contributions which you wish to claim as a tax deduction. Write your answer at **H** item **D12**. In the other boxes, provide details of the fund or RSA provider to which you made the largest contribution and from which you have received an acknowledgment.

#### ! NOTE

You cannot write an amount at **H** that is higher than the amount your superannuation fund or RSA provider acknowledged.

You may vary your valid notice to reduce the amount stated in relation to your contribution. You cannot vary your valid notice to increase the amount stated in relation to your contribution.

If the variation relates to an amount that you can claim as a deduction at this item, you must notify your superannuation fund or RSA provider by the day you lodge your 2009 tax return or the last day of the 2009–10 income year, whichever is earlier. Once you have provided notification, the amount you write at **H** for that contribution is limited to the reduced amount.

On a separate piece of paper print **SCHEDULE OF ADDITIONAL INFORMATION – ITEM D12**. Print your name, address and tax file number. For each superannuation fund or RSA provider from which you have received an acknowledgment of your notice of intent to claim the deduction, print the full name of that fund or RSA provider, the fund ABN or TFN of that fund or RSA provider, your account number and the amount that you are claiming as a deduction.

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

If you need more information, phone the Superannuation Infoline.

#### CHECK THAT YOU HAVE . . .

- kept your acknowledgment of your notice of intent to claim a deduction from your superannuation fund or RSA provider – we may ask to see it
- attached to page 3 of your tax return your signed **SCHEDULE OF ADDITIONAL INFORMATION – ITEM D12**, if you need to send us one.



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

You may be able to claim a deduction at this item for certain capital expenditure allocated to a project pool for:

- a project which you operated in 2008–09 for a taxable purpose
- a project carried on or proposed to be carried on for a taxable purpose which was abandoned, sold or otherwise disposed of in 2008–09, before or after it started to operate.

**NO**  Go to question **D14**.

**YES**  Read below.

### STOP

You cannot claim a deduction at this item for:

- private or domestic expenditure such as the cost of constructing a driveway at your home
- capital expenditure directly connected with a project undertaken in carrying on a business. For this expenditure, refer to **RECONCILIATION ITEMS** at item **P8 Business income and expenses** in *Business and professional items 2009* (NAT 2543).

## YOU NEED TO KNOW

### DEFINITION

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


A **taxable purpose** is the purpose of producing assessable income, the purpose of exploration or prospecting, the purpose of mining site rehabilitation or environmental protection activities.

Certain capital expenditure you incurred after 30 June 2001 which was directly connected with a project that you carried on (or proposed to carry on) for a taxable purpose can be allocated to a project pool and written off over the 'project life'. The expenditure must not otherwise be deductible or form part of the cost of a depreciating asset you hold or held.

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

- to create or upgrade community infrastructure for a community associated with the project – this expenditure must be paid (not just incurred) to be a project amount
- for site preparation for depreciating assets (other than in draining swamp or low-lying land or for clearing land for horticultural plants)
- for feasibility studies or environmental assessments for the project
- to obtain information associated with the project
- in seeking to obtain a right to intellectual property
- for ornamental trees or shrubs.

The project amounts are allocated to a 'project pool'.

 If you are unsure if the capital expenditure you incurred qualifies as a project amount, see the publication *Guide to depreciating assets 2009* (NAT 1996), available on our website or to find out how to get a printed copy, see the inside back cover.

You spread your deduction for project amounts allocated to a project pool over the project life:

- The project life is the period from when the project starts to operate until when it stops operating.
- The project life is not determined by how long you intend to carry on the project. Factors outside your control, such as something inherent in the project such as a legislative or environmental restriction that limits the project's operating period, are relevant to estimating the project life.
- If there is no finite project life, there is no project and therefore no deduction is available under these rules.

You start to deduct amounts for a project pool for the income year when the project starts to operate. So if you started to operate a project in the 2008–09 income year for a taxable purpose, a deduction is available for that year.

If your project was operated in 2008–09 for purposes other than taxable purposes, you must reduce the deduction amount by a reasonable amount for the extent to which the project operated for other than taxable purposes.

If, in the 2008–09 income year:

- you recouped an amount of expenditure allocated to the project pool, or
- you derived a capital amount in relation to a project amount or something on which a project amount was expended

then the amount is assessable income and must be shown at item **24 Other income**.



**▶ COMPLETING THIS ITEM**

**STEP 1 Did you conduct transactions in a foreign currency for your project in 2008–09?**

**NO**  Go to step 2.

**YES**  See **Foreign exchange rules** in the next column. Go to step 2.

**STEP 2 Was your project abandoned, sold or otherwise disposed of in 2008–09?**

**NO**  Go to step 3.

**YES**  If your project was abandoned, sold or otherwise disposed of in 2008–09 (whether or not the project had started to operate) you can claim a deduction for the 2007–08 closing pool value (if any) plus any project amounts allocated to the pool in the 2008–09 income year. Any amount you received for the abandonment, sale or other disposal is assessable income and must be shown at item **24 Other income**. Go to step 4.

**STEP 3** Use the worksheet in the next column to calculate your deduction.

- The deduction is worked out on the value of the project pool at 30 June 2009. This is the closing pool value for the 2007–08 income year (if any) plus the sum of any project amounts allocated to the pool in 2008–09.
- You must estimate the project life in years, including fractions of years.
- The deduction rate at (d) in the worksheet could be 200% or 150%.
  - Your deduction rate is 200% where your project pool contains only project amounts incurred on or after 10 May 2006, and the project started to operate on or after that date.
  - Your deduction rate is 150% where your project started to operate before 10 May 2006, or where your project started to operate on or after 10 May 2006 but the project pool contains project amounts incurred before that date.
  - You cannot use the higher rate if you abandon, sell or otherwise dispose of an existing project on or after 10 May 2006 and then start operating it again, just so that you can work out deductions at the higher rate.

**WORKSHEET: Project pool deduction**

	Example	You	
Value of project pool at 30 June 2009	\$30,000	\$	(a)
Estimated project life (in years)	7.5 years		(b)
Divide (a) by (b).	\$4,000	\$	(c)
Deduction rate	150%	%	(d)
Multiply (c) by (d).	\$6,000	\$	(e)
Take (e) away from (a).	\$24,000	\$	(f)

- If (f) is zero or more, your deduction amount for 2008–09 is the amount at (e) and the closing pool value for 2008–09 is the amount at (f).
- If (f) is less than zero, your deduction amount for 2008–09 is the amount at (a) (because your deduction amount cannot be greater than the value of the project pool) and the closing pool value for 2008–09 is zero.
- **If your project operated for purposes other than taxable purposes** in 2008–09, your deduction amount for 2008–09 is not the full amount at (e) or (a) as applicable. Instead, your deduction amount is the amount at (e) or (a) as applicable reduced by a reasonable amount for the extent to which the project operated in 2008–09 for purposes other than taxable purposes.

You will need the closing pool value for 2008–09 to work out your deduction for project amounts for next year.

**STEP 4** Write your project pool deduction amount at **D** item **D13** on page 11 of your tax return. Do not show cents.

**! FOREIGN EXCHANGE RULES**

The pool value can be subject to adjustments. An adjustment could happen under foreign exchange (forex) rules that apply to transactions conducted in foreign currency.

If during the income year you met or otherwise ceased to have an obligation to pay in a foreign currency a project amount which you allocated to a project pool, you might have derived a gain or incurred a loss under these rules. If the amount in foreign currency became due for payment within 12 months after the time you incurred it, usually the pool value will be reduced by any such gain (known as a forex gain) and it will be increased by any such loss (known as a forex loss).

If the forex gain exceeds the pool value, the pool value is reduced to zero and the residual gain is assessable income which you should include at item **24**. If you had previously elected that this treatment (known as ‘the 12-month rule’) should not apply, any gain will be assessable and should be included at item **24** and any loss will be deductible and should be included at item **D15**.

For more information about the forex rules, see question **24** or **D15**, or visit our website.

### Did you make payments to a forestry managed investment scheme (FMIS)?

**NO**  Go to question **D15**.

**YES**  You may be able to claim a deduction. Read below.

You may be able to claim a deduction at this item for payments made to an FMIS if:

- you currently hold a forestry interest in an FMIS, or held a forestry interest in an FMIS during the income year, and
- you have paid an amount to a forestry manager of an FMIS under a formal agreement.

You can only claim a deduction at this item if the forestry manager has advised you that the FMIS satisfies the 70% direct forestry expenditure rule in Division 394 of the *Income Tax Assessment Act 1997*.

#### **STOP**

If you are an initial participant, you cannot claim a deduction if you have disposed of your forestry interest in an FMIS within four years after the end of the income year in which you first made a payment.

If you are a subsequent participant, you cannot claim a deduction for the amount paid for acquiring your interest. You can only claim a deduction for your ongoing payments.

### YOU NEED TO KNOW

You are an **initial participant** in an FMIS if:

- you obtained your forestry interest in the FMIS from the forestry manager of the scheme, and
- your payment to obtain the forestry interest results in the establishment of trees.

You are a **subsequent participant** if you are not an initial participant.

A **forestry manager** of an FMIS is the entity that manages, arranges or promotes the FMIS.

A **forestry interest** in an FMIS is a right to benefits produced by the scheme (whether the right is actual, prospective or contingent and whether it is enforceable or not).

### Participant payments under an FMIS

#### *Initial participant*

You can claim at this item **initial and ongoing payments** made under an FMIS that you have made as an initial participant of the FMIS.

#### *Subsequent participant*

You can claim at this item **ongoing payments** made under an FMIS that you have made as a subsequent participant of the FMIS.

#### *Excluded payments*

You cannot claim a deduction at this item for any of the following payments:

- payments for borrowing money
- interest and payments in the nature of interest (such as a premium on repayment or redemption of a security, or a discount of a bill or bond)
- payments of stamp duty
- payments of goods and services tax (GST)
- payments that relate to transportation and handling of felled trees after the earliest of the following:
  - sale of the trees
  - arrival of the trees at the mill door
  - arrival of the trees at the port
  - arrival of the trees at the place of processing (other than where processing happens in-field)
- payments that relate to processing
- payments that relate to stockpiling (other than in-field stockpiling).

### ▶ COMPLETING THIS ITEM

**STEP 1** Work out the total amount of your deductible:

- initial and ongoing payments made under an FMIS, if you are an initial participant, or
- ongoing payments made under an FMIS, if you are a subsequent participant.

Write the amount at **F** item **D14** on page 11 of your tax return. Do not show cents.

**STEP 2** If your interests in an FMIS are covered by product rulings, at item **D14**:

- print the **code PR** at **U**
- write the **year** of the product ruling at **V**
- write the **product ruling number** at **W** (do not include the year of the product ruling or the slash).

Alternatively, if your interests in an FMIS are covered by private rulings, at item **D14**:

- print the **code AN** at **U**
- leave the **year** of the private ruling **V** blank
- write the **authorisation number** printed on the front page of your notice of private ruling at **W**.

## Did you have any other expenses that you have not been able to claim as deductions at items D1 to D14 or elsewhere on your tax return?

**NO**  Go to **Total supplement deductions** on page s46.

**YES**  Read below.

### STOP

Do not show at this item:

- expenses relating to your work as an employee
- expenses relating to income from carrying on a business as a sole trader (including personal services income or as a share trader)
- expenses relating to investment planning and advice involving shares, unit trusts and interest-bearing deposit
- losses from the disposal of shares or real property that are capital in nature.

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

## YOU NEED TO KNOW

### Expenses you may be entitled to claim


You may claim at this item:

- election expenses for local, territory, state or federal candidates
- income protection, sickness and accident insurance premiums
- foreign exchange losses
- debt deductions incurred in earning assessable income that are not disallowed under the thin capitalisation rules and have not been claimed elsewhere
- debt deductions incurred in earning certain foreign non-assessable non-exempt income that are not disallowed under the thin capitalisation rules
- amounts deductible under section 40-880 of the *Income Tax Assessment Act 1997* (ITAA 1997) (five-year write-off for certain business-related capital expenditure) not claimed in full before you ceased business or before you stopped carrying on your business as an individual (for example, if you started to carry on your business through a company or in a partnership)
- a deduction for the net personal services income loss of a personal services entity that related to your personal services income
- United Medical Protection Limited (UMP) support payments
- certain deductible capital expenditure not claimed in full before ceasing a primary production business where a deduction can be claimed in a subsequent year or years – for example, water conservation expenditure, which may be deducted over a three-year period

- non-capital losses incurred on the disposal or redemption of a traditional security which are deductible under section 70B of the *Income Tax Assessment Act 1936* (ITAA 1936) – for more information, see the section on **Sale or disposal of company bonds and convertible notes** in *You and your shares 2009* (NAT 2632). This publication is available on our website or to find out how to get a printed copy, see the inside back cover
- interest incurred on money borrowed to invest under the land transport facilities tax offset scheme or infrastructure borrowings scheme
- small business pool deductions for depreciating assets of your small business pool that you cannot claim at item **P8** on the *Business and professional items schedule for individuals 2009* (NAT 2816) because you did not carry on a business in 2008–09. For more information, see *Concessions for small business entities* (NAT 71874). This publication is available on our website.

### Election expenses

Election expenses include a candidate's costs of contesting an election at a local, territory, state or federal level of government. A deduction for local government body election expenses cannot exceed \$1,000 for each election contested, even if the expenditure is incurred in more than one year of income. Entertainment expenses only qualify as deductible election expenses in very restricted circumstances.

 For more information about deductions for election expenses, see *Taxation Ruling TR 1999/10 – Income tax and fringe benefits tax: members of parliament – allowances, reimbursements, donations and gifts, benefits, deductions and recoupments* and *Taxation Ruling IT 2258 – Income tax: election expenses: deductibility of expenditure incurred and effect of public funding of elections*. These publications are available on our website or to find out how to get a printed copy, see the inside back cover.

### NOTE

You must show as income at item **24** on your tax return a reimbursement in 2008–09 of any election expenses that you have claimed as a deduction in 2008–09 or a previous year.

### Income protection, sickness and accident insurance premiums

You can claim the cost of any premiums you paid for insurance against the loss of your income. You must include any payment you received under the policy for loss of your income at item **1**, **2** or **24** on your tax return.

You cannot claim a deduction for a premium or any part of a premium which you paid under a policy to compensate you for such things as physical injury. Life

insurance, trauma insurance and critical care insurance are some types of policies for which premiums are not deductible.

### Foreign exchange losses

Unless you carried on a business and have included all your foreign exchange losses (forex losses) in calculating your business net income or loss at item **15**, your forex losses must be shown at this item (except any foreign source forex losses that you have included at item **20**). Show any assessable foreign exchange gains (forex gains) at item **24** on your tax return.

Losses attributable to a fluctuation in a currency exchange rate or to an agreed exchange rate differing from an actual exchange rate are brought to account when they are realised. This is when you:

- dispose of foreign currency, or a right thereto
- cease to have a right to receive or pay foreign currency, or
- cease to have an obligation to pay or receive foreign currency.

Some forex losses are not deductible – for example, forex losses of a private or domestic nature, or those relating to exempt income. In some cases, forex losses on the acquisition of capital or depreciating assets, or on the disposal of capital assets, are also not deductible. In these cases, the losses are integrated into or matched with the taxation treatment of the underlying asset.

In some circumstances, you may make an election that affects the realisation or treatment of a forex loss. You can find more information about the forex measures and how to calculate your forex losses on our website.

### Debt deductions

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

If you were an Australian resident, you can claim debt deductions incurred in earning certain types of foreign non-assessable non-exempt income that were payments out of attributed controlled foreign company income and attributed foreign investment fund income.

You may claim debt deductions incurred in earning assessable income – for example, foreign source income that has been included at item **20** on your tax return – at this item, if you have not claimed them elsewhere on your tax return.

You are not allowed to claim debt deductions disallowed under the thin capitalisation rules. Thin capitalisation rules may apply if:

- you were an Australian resident and you (or any associate entities) had certain overseas interests **and** your debt deductions combined with those of your associate entities were more than \$250,000 for 2008–09, or
- you were a foreign resident with operations or investments in Australia **and** your debt deductions against Australian assessable income combined with those of your associate entities were more than \$250,000 for 2008–09.

You can find more information about thin capitalisation on our website.

Special rules apply to deductions for expenses that you incur in borrowing money that you use for producing assessable income. Examples of such expenses include establishment fees and legal costs for preparing loan documents. Interest expenses are not subject to these rules and are deductible in the year in which you incur them.

If the total of these expenses you incurred in 2008–09 is more than \$100 you have to deduct the expenses over the shorter of the following periods:

- the life of the loan, or
- five years from the date you first borrowed the money.

If the total of these expenses you incurred in the 2008–09 income year is \$100 or less, you can deduct them immediately.

### Section 40-880 deductions

This section allows you to claim a deduction for certain business-related capital expenditure over five income years.

For expenditure incurred before 1 July 2005, there are seven specific types of capital expenditure which you may be able to deduct. These include the costs incurred in ceasing to carry on your business and the costs of establishing your business structure or converting your business structure to another structure (for example, the cost of transferring the business assets to a partnership which continues the business).

For expenditure incurred on or after 1 July 2005, the law has been changed so that you may be able to deduct a greater range of business-related capital expenditure.

Claim a section 40-880 deduction at this item if:

- you incurred the relevant capital expense before 1 July 2005 and, in a previous income year, you ceased business or you stopped carrying on your business as an individual (for example, if you started to carry on your business through a company or partnership) and you have not fully claimed your five-year write-off
- you incurred the relevant capital expense on or after 1 July 2005 and
  - the expenditure relates to a business that was proposed at the time the expense was incurred
  - the business commenced before 30 June 2009, and
  - you are carrying on the business through a company or trust, or
- you incurred the relevant capital expense on or after 1 July 2005 and the expenditure relates to a business which ceased in a previous income year and you carried on the business through a company or trust.

If you incurred relevant section 40-880 expenses on or after 1 July 2005 and you carried on the business as a sole trader or through a partnership, claim the amount at item **P8** on the *Business and professional items schedule for individuals 2009*.

If you incurred relevant section 40-880 expenses on or after 1 July 2005 but had not commenced the business by 30 June 2009, your deduction for this amount will be deferred until the year in which the business activity commences. The deferred amount may be deducted in the income year in which the activity commences.



## D15 OTHER DEDUCTIONS

### NOTE

Refer to the fact sheet *Non-commercial losses: overview* (NAT 3379) for more information on when you need to defer your section 40-880 deduction.

For more information about section 40-880 deductions, see the *Guide to depreciating assets 2009* (NAT 1996). This publication is available on our website or to get a printed copy, see the inside back cover.

### Net personal services income loss of a personal services entity that related to your personal services income

There are special rules for the income tax treatment of certain personal services income. Personal services income is income that is mainly a reward for your personal efforts or skills and is generally paid to you or to a personal services entity (being a company, partnership or trust).

Where the payment was made to a personal services entity and that entity incurred a personal services income loss relating to your personal services income, you can claim a deduction for that loss.

For more information about net personal services income losses, see the *Personal services income schedule 2009* (NAT 3421). This publication is available on our website or to get a printed copy, see the inside back cover.

If you need help with these rules, phone the Business Infoline (see the inside back cover).

### United Medical Protection Limited (UMP) support payments

You can claim a deduction for making UMP support payments. This deduction applies to you if you would not otherwise be entitled to a deduction for your payments – for example, if you have retired.

## COMPLETING THIS ITEM

### STEP 1 Election expenses

Add up all your deductible election expenses. Write the total amount at **E** item **D15** on page 11 of your tax return. Do not show cents. If you have no other expenses, go to **Check that you have . . .** otherwise, read on.

### STEP 2 Other expenses

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

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

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

### CHECK THAT YOU HAVE . . .

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

## Total supplement deductions

### Did you claim any deductions at items D10 to D15?

**NO**  Go to step 4.

**YES**  Go to step 1.

**STEP 1** Add up all the deduction amounts in the right-hand column of items **D10** to **D15** on your tax return.

**STEP 2** Write the amount from step 1 at **TOTAL SUPPLEMENT DEDUCTIONS** on page 11 of your tax return. Do not show cents.

**STEP 3** Transfer the amount you wrote at **TOTAL SUPPLEMENT DEDUCTIONS** to **D** on page 3 of your tax return.

**STEP 4** Go to page 46 in *TaxPack 2009* to calculate your total deductions. Then work through the **Losses** section starting on page 47 in *TaxPack 2009*.

# Superannuation contributions on behalf of your spouse

## Tax offsets T8

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

**NO**  Go to question T9.

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

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

### YOU NEED TO KNOW

You will be entitled to a tax offset of up to \$540 per year if:

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

#### ! NOTE

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

#### ! NOTE

The tax offset for eligible spouse contributions cannot be claimed for superannuation contributions that you made to your own fund then split to your spouse.

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

- they had a distribution from a partnership or trust, income or losses from rent or business (including personal services income), a capital gain or foreign source income, or
- they claimed a deductible amount for a foreign pension or annuity at item **D11** on their tax return.

In either case, phone the Superannuation Infoline (see the inside back cover) for help to work out your spouse's assessable income before completing this item.

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

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

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

### ▶ COMPLETING THIS ITEM

**STEP 1** Write the total of your contributions at **Contributions paid** item T8 on page 12 of your tax return.

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

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

#### WORKSHEET 1

Maximum spouse contributions eligible for the tax offset	<input type="text" value="\$3,000"/>	(a)
Amount of contributions paid	<input type="text" value="\$"/>	(b)
Write the lesser of (a) or (b).	<input type="text" value="\$"/>	(c)
Multiply (c) by 18 and divide by 100.	<input type="text" value="\$"/>	(d)

#### WORKSHEET 2

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

**STEP 3** The tax offset is the amount shown at (d) on **worksheet 1** or (h) on **worksheet 2**. Write this amount at **A** item T8. Do not show cents.

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

See the definition of spouse on page 93 in *TaxPack 2009*.

#### ! NOTE

To work out your entitlement to this tax offset you would have used your spouse's assessable income and reportable fringe benefits amounts. However, because we use taxable income to calculate many other entitlements, we ask you to record your spouse's taxable income (not assessable income) at **Spouse details – married or de facto**.

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

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

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

**NO**  Go to question **T10**.

**YES**  Read below.

### YOU NEED TO KNOW

#### Zone tax offset

Remote areas are classed as either zone A or zone B. There are also special areas within these zones. If you do not know which zone your area is in, see **tables 14–16** on pages s53–4.

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

- 183 days or more during 2008–09, or
- 183 days or more during the period 1 July 2007 to 30 June 2009 – including at least one day in this income year – and you did not claim a zone tax offset in your 2008 tax return.

If you lived in a zone for less than 183 days in 2008–09, you may still be able to claim a tax offset as long as you lived in a zone for a continuous period of less than five years after 1 July 2003 and:

- you were unable to claim in the first year because you were there less than 183 days, and
- the total of the days you were there in the first year and in 2008–09 is 183 or more.

#### EXAMPLE

Gary lived in a remote area from 1 March 2004 to 30 September 2008 – a continuous period of less than five years. He couldn't claim a zone tax offset for the first year because he lived there for only 122 days. However, he could carry forward these unused days to 2008–09. He now adds the number of days from 1 March 2004 to 30 June 2004 (122 days) and the number of days from 1 July 2008 to 30 September 2008 (92 days). As the total (214 days) is '183 days or more' over the two income years, Gary can claim the tax offset on his 2009 tax return.

#### Overseas forces tax offset

You may be eligible for an overseas forces tax offset if you served in a specified overseas locality as a member of the Australian Defence Force or a United Nations armed force in 2008–09 and income relating to that service was not specifically exempt from tax. Periods of service for which your income was 'exempt foreign employment income' are excluded in working out your eligibility for the tax offset.

Your employer will be able to advise you whether you served in a locality that qualifies for the overseas forces tax offset. You can also find out which localities qualify for the overseas forces tax offset by visiting our website or phoning the Individual Infoline (see the inside back cover).

To claim the full tax offset, you must have served in the overseas locality for 183 days or more in 2008–09. If your overseas service was less than 183 days, you may be able to claim part of the tax offset. Unlike the zone tax offset, you cannot carry forward any unused days from previous years to make up 183 days.

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

#### ! IMPORTANT

If you qualify for both an overseas forces tax offset and a zone tax offset, you can claim only one of them. Claim the higher one.

#### ➤ COMPLETING THIS ITEM

#### How to work out your tax offset if your circumstances were simple

**STEP 1** Your tax offset is the relevant amount in **table 1** if:

- you lived or worked in only one zone or served in only one specified overseas locality for at least 183 days, as defined above **and**
- you are not eligible to claim any tax offsets at item **T11** (parent, spouse's parent or invalid relative tax offset) **and**
- you did not claim a child-housekeeper tax offset (part B of question **T1 Spouse (without dependent child or student), child-housekeeper or housekeeper tax offset**) or housekeeper tax offset (part C of question **T1**) **and**
- your circumstances are shown in **table 1**.

**TABLE 1: Tax offset amounts**

Your circumstances	Zone A	Zone B	Special area	Overseas forces
You were single with no dependent child or student for all of 2008–09.	\$338	\$57	\$1,173	\$338
You are able to claim the maximum spouse (without child) tax offset (\$2,159) at item <b>T1</b> .	\$1,418	\$489	\$2,253	\$1,418

If you cannot use **table 1** on the previous page you will need to work through **How to work out your tax offset if your circumstances were more complex** below.

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

**STEP 2** Write your tax offset amount less any remote area allowance at **R** item **T9** on page 12 of your tax return. Do not show cents. Go to question **T10**.

**How to work out your tax offset if your circumstances were more complex**

You can either use our zone or overseas forces tax offset calculator on our website to work out your tax offset, or read below.

The zone or overseas forces tax offset is made up of two amounts: the fixed amount and a percentage of a base amount. Use the information from **table 2** when you complete either **table 11** on page s52 or **table 12** on page s53.

**TABLE 2**

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

If you had no spouse, no dependent child or student, and you are not claiming for dependants (such as parent, spouse's parent, invalid relative, child-housekeeper or housekeeper) at any other tax offset item, you will not have a base amount. Go to **Final calculation** on page s52.

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

**Working out your base amount**

The base amount is made up of tax offsets you may have claimed at other items on your tax return and notional tax offsets. A notional tax offset is an offset to which you would have been entitled if the tax offset was still allowable. Family tax benefit (FTB) does not affect your entitlement to these notional tax offsets when calculating your zone or overseas tax offset.

Each of the tax offset components you work out will form part of your base amount at **table 10** on page s52.

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

Read this section only if you are eligible to claim a parent, spouse's parent or invalid relative tax offset. If you are not eligible to claim that tax offset, go to *Notional tax offset for dependent children or students* in the next column.

If you are eligible to claim a parent, spouse's parent or invalid relative tax offset at item **T11** (see question **T11** on page s57), you will need to work out that amount then come back to this question. Write the amount you have claimed at item **T11** at (a) **table 10** on page s52. Read on.

*Notional tax offset for dependent children or students*

*Full-year claim*

Your base amount will increase by the maximum amount shown in **table 3** below for each student aged under 25 years on 30 June 2009 in full-time education at a school, college or university, and for each child under 21 years on 30 June 2009 who, for the whole of 2008–09:

- was treated as an Australian resident
- was maintained by you, and
- had a separate net income (SNI) of less than \$286.

See pages 52–4 in *TaxPack 2009*.

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

**TABLE 3**

Dependant	Notional tax offset
Each student aged under 25 years	\$376
First non-student child aged under 21 years	\$376
Other non-student children aged under 21 years	\$282 for each child

If all of these requirements were met, add up the notional tax offset amount for each child or student and write the total at (c) **table 10** on page s52.

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

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

*Part-year claim*

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

- the child or student was treated as an Australian resident for only part of 2008–09
- the student was aged 21 years or older and was in full-time education for only part of 2008–09
- the child or student was maintained by you for only part of 2008–09
- the child was 21 years old at 30 June 2009 and not in full-time education, or
- the student was 25 years old at 30 June 2009.

Use **table 4** to work out the reduced notional tax offset for each child or student.



## T9 ZONE OR OVERSEAS FORCES

**TABLE 4**

Maximum notional tax offset for the child or student – from <b>table 3</b>	\$	(a)
Number of days you maintained your child or student and your child or student remained a dependant		(b)
Number of days in 2008–09	365	(c)
Divide (b) by (c).		(d)
Multiply (d) by (a).	\$	(e)

If the separate net income (SNI) of your child or student was less than \$286, transfer amount (e) above to (c) **table 10**.

If you had more than one eligible child or student and the SNI of each one was less than \$286, work out the amount for each child, add up all the amounts and write the total at (c) **table 10**.

*If SNI was \$286 or more*

You cannot claim any amount of notional tax offset for your child or student if that child or student had an SNI equal to or greater than:

- \$1,786 for a student aged under 25 years or for the first child aged under 21 years who is not a student, or
- \$1,410 for any other child aged under 21 years who is not a student.

If your child's or student's SNI was \$286 or more but less than the limits shown, use **table 5** to work out the notional tax offset.

**TABLE 5**

Notional tax offset for the child or student – from <b>table 3</b> or (e) <b>table 4</b> for a part-year claim	\$	(a)
Your child's or student's SNI for the period you maintained them	\$	(b)
Income at which the notional tax offset begins to reduce	\$282	(c)
Take (c) away from (b).	\$	(d)
Divide (d) by 4 because your tax offset is reduced by \$1 for every \$4 of SNI over \$282. Do not show cents.	\$	(e)
Take (e) away from (a). Do not show cents.	\$	(f)

Transfer the amount at (f) above to (c) **table 10**. If you had more than one eligible child or student, work out the amount for each child or student, add up all the amounts and write the total at (c) **table 10**.

### Spouse tax offset component

#### ! NOTE

If your taxable income is over \$150,000 you are not entitled to include an amount for a notional spouse tax offset in your base amount.

If you claimed a spouse tax offset at item **T1** (see part A question **T1**) and did not have a dependent child or student for any part of the year, write that amount at (b) **table 10**. Go to *Child-housekeeper tax offset component* in the next column.

Use **table 6** to work out your notional spouse tax offset if either of the following applies to you:

- you had a spouse and you have written an amount of at least \$1 at (c) **table 10** – notional tax offset for dependent children or students (in that case, use column 1 in **table 6**), or
- you were required to reduce your claim (or could not claim) at item **T1** because your spouse during any period they were your spouse, or you, were eligible for family tax benefit (FTB) Part B and you do not have an amount to write at (c) **table 10** (in that case use column 2 in **table 6**).

**TABLE 6**

	COLUMN 1 With eligible dependent child or student	COLUMN 2 No eligible dependent child or student
Maximum annual notional dependent spouse tax offset and daily rate	\$2,508 per year or \$6.87 per day	\$2,159 per year or \$5.92 per day
Your maximum notional dependent spouse tax offset		
If you had a spouse for only part of the year, multiply the daily rate by the number of days you had a spouse.	\$	\$ (a)
Your spouse's SNI – see pages 52–4 in <i>TaxPack 2009</i>	\$	\$ (b)
Income at which tax offset begins to reduce	\$282	\$282 (c)
Take (c) away from (b).	\$	\$ (d)
Divide (d) by 4 because your tax offset is reduced by \$1 for every \$4 of SNI over \$282. Do not show cents.	\$	\$ (e)
Take (e) away from (a).	\$	\$ (f)

The amount at (f) is your notional spouse tax offset for zone or overseas forces tax offset purposes. Transfer this amount to (b) **table 10**.

### Child-housekeeper tax offset component

#### ! NOTE

If your taxable income is over \$150,000, do not include an amount for the child-housekeeper tax offset as part of your base amount.

If you claimed a child-housekeeper tax offset at item **T1**, and you did not have to reduce your tax offset because your spouse during any period they were your spouse, or you, were eligible for FTB Part B, write your child-housekeeper tax offset at (d) **table 10**.

If you were required to reduce your claim, or were not entitled to claim, for child-housekeeper tax offset because of FTB Part B, use **table 7**.

**TABLE 7**

	COLUMN 1 No other dependent child or student	COLUMN 2 Another dependent child or student	
Maximum annual allowable tax offset and daily rate	\$1,759 per year or \$4.82 per day	\$2,108 per year or \$5.78 per day	
Your maximum tax offset allowable If you had a child-housekeeper for only part of the year, multiply the number of days in that part of the year by the daily rate from <b>column 1</b> or <b>column 2</b> .	\$	\$	(a)
Your child-housekeeper's separate net income – see pages 52–4 in <i>TaxPack 2009</i>	\$	\$	(b)
Income at which tax offset begins to reduce	\$282	\$282	(c)
Take (c) away from (b) and divide by 4. Do not show cents	\$	\$	(d)
Take (d) away from (a).	\$	\$	(e)

Transfer the amount at (e) above to (d) **table 10**.

**Housekeeper tax offset component**

**! NOTE**

If your taxable income is over \$150,000, do not include an amount for the housekeeper tax offset as part of your base amount.

If you claimed a housekeeper tax offset at item **T1**, and you did not have to reduce your tax offset because your spouse during any period they were your spouse, or you were eligible for family tax benefit (FTB) Part B, write your housekeeper tax offset at (e) **table 10**.

If you were required to reduce your claim, or were not entitled to claim, for a housekeeper tax offset because of FTB Part B, read on.

*Full-year claim*

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

- \$2,108 at (e) **table 10** if you had a dependent child or student, or
- \$1,759 at (e) **table 10** if you did **not** have a dependent child or student.

*Part-year claim*

If you had a housekeeper for part of the year, use **table 8**.

**TABLE 8**

	No dependent child or student	With dependent child or student	
Amount of tax offset	\$4.82 per day	\$5.78 per day	(a)
Number of days you qualify for the housekeeper tax offset (ignoring FTB Part B)			(b)
Multiply (a) by (b).	\$	\$	(c)

Transfer the amount at (c) above to (e) **table 10**.

**Notional sole parent tax offset component**

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

If you had sole care of a dependent child or student **and** you have written an amount of at least \$1 at (c) **table 10** (notional tax offset for dependent children or students), you may also be eligible for a notional sole parent tax offset.

**! NOTE**

If you were entitled to a spouse, housekeeper or child-housekeeper tax offset (see part A, B or C of question **T1**) for any period during the year, you cannot use a notional sole parent tax offset for the same period. If your claim at item **T1** did not cover the whole year you will need to use **table 9** to calculate the part-year claim.

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

*Special circumstances*

If you had a spouse (married or de facto) at any time during 2008–09, you are entitled to a sole parent tax offset only in special circumstances. Generally, for special circumstances to exist, you must have been financially responsible for and have had sole care of the dependent child or student, without the support a spouse normally provides.

Examples of situations where special circumstances may arise:

- You were married at any time during 2008–09 but during the year you separated from or were deserted by your spouse, and for the period that you will claim the sole parent tax offset you were not in a de facto relationship.
- Your spouse was in prison for a sentence of at least 12 months.
- Your spouse was medically certified as being permanently mentally incapable of taking part in caring for your child or student.

If you are unsure whether special circumstances applied, phone the Individual Infoline (see the inside back cover).

## T9 ZONE OR OVERSEAS FORCES

### Shared or joint custody after divorce or separation

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

We consider you to have had sole care of the child for the part of the year up to the day the child turned 21 years of age or the student turned 25 years of age if the dependent child:

- was not receiving full-time education and turned 21 years of age during 2008–09, or
- was a full-time student and turned 25 years of age during 2008–09.

You are only entitled to claim the tax offset for that part of the year before the birthday.

If you had sole care of a child or student for the whole of 2008–09, write **\$1,607** at (f) **table 10** and add up your base amount.

**TABLE 9: Notional sole parent tax offset – part-year claim**

Number of days you had sole care of a child and were not entitled to a tax offset at question <b>T1</b>		(a)
Multiply (a) by \$4.40.	\$	(b)

Transfer the amount at (b) above to (f) **table 10**.

### Your base amount

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

**TABLE 10: Base amount**

Parent, spouse's parent or invalid relative – from item <b>T11</b>	\$	(a)
Spouse – from item <b>T1</b> (part A question <b>T1</b> ) or <b>table 6</b>	\$	(b)
Notional tax offset for dependent children or students – from <b>table 3</b> , <b>table 4</b> or <b>table 5</b>	\$	(c)
Child-housekeeper from item <b>T1</b> (part B question <b>T1</b> ) or <b>table 7</b>	\$	(d)
Housekeeper – from item <b>T1</b> (part C question <b>T1</b> ) or <b>table 8</b>	\$	(e)
Sole parent from <b>table 9</b>	\$	(f)
Add up all of these amounts.	\$	(g)

The amount at (g) is your base amount.

### Final calculation

#### Multiple locations

If you lived or worked in more than one zone, special area or specified overseas locality, and you were in one of them for 183 days or more, check **table 2**. If the fixed amount for that zone is higher than for the other zones where you were, use that fixed amount and **table 11** in the next column to work out your tax offset. (This will give you the greatest benefit.)

Otherwise, go to category 2.

### EXAMPLE

Neil lived in zone A for 190 days and in zone B for 40 days. **Table 2** shows that the fixed amount for zone A is higher than the zone B amount. Neil simply uses the zone A amount because this will give him the greater benefit. He ignores the time he spent in zone B.

#### Category 1

You were in only one zone or served only in specified overseas localities for at least 183 days.

**STEP 1** Complete **table 11**.

**TABLE 11**

Your fixed amount – from <b>table 2</b>	\$	(a)
Your base amount – from <b>table 10</b>	\$	(b)
Multiply (b) by the percentage figure from <b>table 2</b> .	\$	(c)
Add (a) and (c).	\$	(d)
Any remote area allowance you received	\$	(e)
Take (e) away from (d).	\$	(f)

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

**STEP 2** Write your zone or overseas forces tax offset amount at **R** item **T9** on your tax return. Do not show cents. Go to question **T10**.

#### Category 2

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

You claim for the number of days in each eligible place divided by 183, to a maximum of 183 days for a year. Start with your zone that has the highest fixed amount in **table 2**. This will give you the greatest benefit.

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

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

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

**Example 4:** You served 100 days in an overseas locality and 185 days in a special area. As the special area in **table 2** shows the highest fixed amount and you use up the maximum 183 days for this, you would simply claim the full special area amount and ignore the 100 days in an overseas locality.

**STEP 1** Use **table 12** to work out your claim for each zone, special area or overseas locality you were in (as in the examples on the previous page).

**TABLE 12**

Your fixed amount – from <b>table 2</b>	\$	(a)
Your base amount – from <b>table 10</b>	\$	(b)
Multiply (b) by the percentage figure from <b>table 2</b> .	\$	(c)
Add (a) and (c).	\$	(d)
Number of days spent or served there – to a maximum of 183 days (see the previous page)	\$	(e)
Multiply (d) by (e).	\$	(f)
Divide (f) by 183. This is the amount you can claim.	\$	(g)

**STEP 2** Once you have worked out the amount you can claim for each place you were in, add up all the amounts and then use **table 13** to work out your total tax offset.

**TABLE 13**

Total of the amounts you have worked out for each zone – from (g) <b>table 12</b>	\$	(a)
Any remote area allowance you received	\$	(b)
Take (b) away from (a). This is the amount you can claim.	\$	

If you served in a specified overseas locality for less than 183 days, the amount from (g) **table 12** is the overseas forces tax offset you can claim.

If you served in a specified overseas locality and you were in one or more zones for at least 183 days, the various amounts for each zone or locality are given at (g) **table 12**. Add up all the amounts at (g) **table 12** for each zone, special area or overseas locality. This is the overseas forces tax offset you can claim.

**STEP 3** Write your zone or overseas forces tax offset amount at **R** item **T9** on page 12 of your tax return. Do not show cents. Go to question **T10**.

**SELECTED LOCALITIES WITHIN THE ZONES AND SPECIAL AREAS**

**TABLE 14: Zone A**

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

**TABLE 15: Zone B**

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

\* Locations that are within 250 kilometres of these locations are also in the relevant zone.



## SELECTED LOCALITIES WITHIN THE ZONES AND SPECIAL AREAS (continued)

TABLE 16: Special areas

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

There are also other locations that may be in a zone or special area. If you are unsure, phone the Individual Infoline (see the inside back cover).

## 20% tax offset on net medical expenses over the threshold amount

### Did you have net medical expenses over \$1,500 in 2008–09?

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

**NO**  Go to question **T11**.

**YES**  Read below.

### YOU NEED TO KNOW

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

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.

#### ! NOTE

You can only claim medical expenses for those of your dependants who were **Australian residents for tax purposes** (see page 5 in *TaxPack 2009* for an explanation of this).

The medical expenses must be for:

- you
- your spouse – married or de facto – regardless of their income (see the definition of spouse on page 93 in *TaxPack 2009*)
- your children who were aged under 21 years, including adopted and stepchildren, regardless of their income
- any other child aged under 21 years – not a student – whom you maintained and whose separate net income (SNI) was less than \$1,786 for the first child and less than \$1,410 for the second child and any subsequent children
- a student aged under 25 years whom you maintained and whose SNI was less than \$1,786
- a child-housekeeper, but only if you can claim a tax offset for them at item **T1** on your tax return, or
- an invalid relative, parent or spouse's parent, but only if you can claim a dependant tax offset at item **T11**.

You and your dependants must be Australian residents for tax purposes, but you can claim medical expenses paid while travelling overseas.

You can also include the medical expenses of your spouse and dependent children if they were waiting to migrate to Australia in 2008–09 and if you were taking the steps necessary for their migration in a timely manner.

You can claim expenses relating to an illness or operation paid to legally qualified doctors, nurses or chemists and public or private hospitals. However, expenses for some cosmetic operations are excluded.

➤ 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](http://www.ato.gov.au) or phone the Individual Infoline (see the inside back cover).

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

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

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

## T10 20% TAX OFFSET ON NET MEDICAL EXPENSES OVER THE THRESHOLD AMOUNT

### Residential aged care expenses

You can claim payments made to nursing homes or hostels (not retirement homes) for an approved care recipient's permanent or respite care if the payments were:

- made to an approved care provider **and**
- for personal or nursing care, not just for accommodation.

An approved care recipient's residential aged care payments usually include an amount for personal or nursing care if the recipient has an aged care assessment team (ACAT) assessment that they require either low- or high-level care.

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 aged 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 or received an ACAT assessment showing that they require either low or high level care)
- payments for people who have either been assessed as requiring level 8 care or who have not received an ACAT assessment showing that they require either low or high level 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 insurer

To help you work out what you can claim for medical expenses you paid in 2008–09, you can ask for an itemised statement from:

- Medicare
- your private health insurer
- 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 use the worksheet below.

#### WORKSHEET

Add up all your allowable medical expenses.	\$	(a)
Add up all the refunds of these expenses which you have received or are entitled to receive.	\$	(b)
Take (b) away from (a). This is your net medical expenses amount.	\$	(c)
Take \$1,500 away from (c).	\$	(d)
If the amount at (d) is \$0 or less, you cannot claim a tax offset.		
Divide (d) by 5 (to get 20%). The amount at (e) is your medical expenses tax offset.	\$	(e)

Write the amount of your medical expenses tax offset at **X** item **T10** on page 12 of your tax return. Do not show cents.

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

**NO**  Go to question T12.

**YES**  Read below.

### YOU NEED TO KNOW

You are not eligible for this tax offset if your taxable income is over \$150,000.

If you maintained your parent, your spouse's parent or an invalid relative you may be entitled to a tax offset. Before you complete this item, you need to read **Dependants and separate net income** on pages 52–4 and the definition of spouse on page 93 in *TaxPack 2009*.

You cannot claim for a relative who lives overseas or who is on a visit to Australia – they must be a resident for tax purposes.

To complete this item you need to know each dependant's separate net income (SNI).

Your tax offset is reduced if:

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

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

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

### ➤ COMPLETING THIS ITEM

To work out your dependant tax offset for a full year or part of the year, you can use the parent, spouse's parent or invalid relative tax offset calculator on our website, or follow the steps below. You need to follow the steps for each dependent parent, spouse's parent or invalid relative. You will need to add up all your tax offset amounts before writing the total on your tax return.

**STEP 1** If you used our calculator, go to step 4.

**STEP 2** If your dependant's SNI was \$285 or less and you maintained them for the whole year, you can claim the maximum tax offset – \$792 for each dependent invalid relative and \$1,583 for each dependent parent or spouse's parent. Go to step 4.

If your dependant's SNI was \$285 or less and you maintained them for part of the year, go to **worksheet 2**.

If your dependant's SNI was \$286 or more, read on.

**STEP 3** If your dependant's SNI for the year was \$286 or more and you maintained them for:

- the whole year, use **worksheet 1**
- part of the year, use **worksheet 2**.

### WORKSHEET 1

Your dependant's SNI	(a)	\$
Take \$282 away from (a).	(b)	\$
Divide (b) by 4.	(c)	\$
If the amount at (c) is \$792 or more for an invalid relative, or \$1,583 or more for a parent or spouse's parent, you cannot claim a tax offset for your dependant. Go to question T12.		
If the amount at (c) is less than \$792 for an invalid relative, or less than \$1,583 for a parent or spouse's parent, read on.		
Take (c) away from \$792 for an invalid relative, or from \$1,583 for a parent or spouse's parent.	(d)	\$

The amount at (d), if it is more than zero (0), is your dependant tax offset. Go to step 4.

### WORKSHEET 2

Work out the number of days in the year you maintained your dependant while they were an Australian resident.	(a)	
Multiply the number of days at (a) by the following daily rate:		
■ \$2.17 if you had an invalid relative		
■ \$4.34 if you had a parent or spouse's parent.	(b)	\$
If your dependant's SNI was \$285 or less, the amount at (b) is your dependant tax offset. Go to step 4. Otherwise, read on.		
If your dependant's SNI was \$286 or more during the period they were your dependant, write their SNI at (c).	(c)	\$
Take \$282 away from (c).	(d)	\$
Divide (d) by 4.	(e)	\$
Take (e) away from (b).	(f)	\$

The amount at (f), if it is more than zero (0), is your dependant tax offset. Go to step 4.

**STEP 4** Write your parent, spouse's parent or invalid relative tax offset at **B** item T11 on page 12 of your tax return. Do not show cents.



## Did you have any landcare and water facility tax offset brought forward from an earlier year that you can use this year?

**NO**  Go to question T13.

**YES**  Read below.

### YOU NEED TO KNOW

This question applies only if your income tax liabilities from earlier years have not absorbed all of the excess or unused landcare and water facility tax offset available to you. The amount of your excess or unused tax offset is shown on your notice of assessment for the year ending 30 June 2008.

There is no limit to the number of years you can carry forward any balance of landcare and water facility tax offset.

### Unused net exempt income

Your brought forward landcare and water facility tax offset has to be successively reduced by any unused net exempt income derived in the year the tax offset arose and any subsequent year – provided you had a taxable income in that year.

Unused net exempt income is any net exempt income left after deducting any tax losses of earlier income years from that year's net exempt income. Exempt income is explained on pages 96–8 in *TaxPack 2009*.

If you have unused net exempt income and you had taxable income this year you must reduce your brought forward landcare and water facility tax offset by 30 cents for every dollar of unused net exempt income.

If you do not have any unused net exempt income, go to **Completing this item** below. If you have unused net exempt income, phone the Business Infoline (see the inside back cover) for more information on how to calculate the brought forward landcare and water facility tax offset.

### WHAT YOU NEED

Your notice of assessment for the year ending 30 June 2008

### ➤ COMPLETING THIS ITEM

Write the amount of landcare and water facility tax offset brought forward at **T** item **T12** on page 12 of your tax return. Do not show cents.

## Were you an Australian resident aged 55 years or older on 30 June 2009?

**NO**  Go to question T14.

**YES**  Read below.

### YOU NEED TO KNOW

If you were aged 55 years or older on 30 June 2009, were an Australian resident and received income from working, you may be eligible for the mature age worker tax offset. We will automatically calculate your mature age worker tax offset based on the information you provide on your tax return (including this item).

#### ! DEFINITION

Your mature age worker tax offset is based on your **net income 'from working'** which includes:

- income that is mainly a reward for your personal effort or skills less any related deductions, and
- income from a business that you carry on, less any related deductions.

### ➤ COMPLETING THIS ITEM

We will work out your net income from working from any items you completed on pages 1–8 of your tax return. However, we need you to work out your net income from working in relation to any items you completed on pages 9–11 of your tax return (supplementary section). To do this, complete the worksheet below.

### WORKSHEET

**STEP 1** Transfer the income amounts from the relevant items you have completed on your tax return (supplementary section) to the boxes below. If you had a loss, print **L** in the **Loss** box at the right.

			Loss
Net personal services income (PSI)	(A) item 14	\$	
Net income or loss from business – primary production	(B) item 15	\$	
Net income or loss from business – non-primary production	(C) item 15	\$	
Deferred non-commercial business losses from primary production	(I) item 16	\$	
Deferred non-commercial business losses from non-primary production	(J) item 16	\$	
Net amount of farm management deposits and withdrawals	(E) item 17	\$	

Assessable amount of employee share scheme discounts	(B) item 24	\$	
Add up all the income amounts and deduct any loss amounts.	(a)	\$	
<b>STEP 2</b> Work out the following income amounts. For some people the amounts you show in the boxes below will only be part of the amounts you have shown on your tax return (supplementary section). If you had a loss, print <b>L</b> in the <b>Loss</b> box at the right.			
From (N) item 13 – distributions from partnerships – primary production, but only the distributions relating to income from working from the partnership tax return. See the note below.		\$	
From (O) item 13 – distributions from partnerships less foreign income – non-primary production, but only the distributions relating to income from working from the partnership tax return. See the note below.		\$	
From (L) item 20 – only your net foreign employment income (not foreign pension or annuity income)		\$	
From (V) item 24 – only the following income:			
■ income from activities as a special professional that you have not included at item 1, 2, 13, 14 or 15		\$	
■ income protection, sickness and accident policy payments		\$	
■ discounts on shares or rights received under an employee share scheme where the shares or rights were issued to you this year		\$	
■ allowances or payments received as a member of a local government council		\$	
Add up all the income amounts and deduct any loss amounts.	(b)	\$	
<b>Total income</b> Add (a) from step 1 and (b) from step 2.	(c)	\$	

**NOTE**

You will have to do the following calculation for each partnership and for each partnership within a partnership, and then transfer the amount to step 2 above.

From your *Partnership tax return 2009* (NAT 0659):

*add up*

- the amount at **Net income or loss from business S** item **5 Business income and expenses**
- only the amount of income from working in any **Distribution from partnerships** at **A** and **B** item **8 Partnerships and trusts**
- only the amount of income from working at **O** item **14 Other Australian income**

*less*

- only the amount of any partnership (not trust) deductions related to income from working included in **Deductions relating to distribution in labels A and Z** at **S** item **8 Partnerships and trusts** and **Deductions relating to distribution in labels B and R** at **T** item **8 Partnerships and trusts**
- only the amount of any deduction related to income from working at **Q** item **18 Other deductions**.

**STEP 3** Transfer the deduction amounts from the relevant items you have completed on your tax return (supplementary section) to the boxes below.

Landcare operations and deduction for the decline in value of water facility	(I) item 13	\$	
Landcare operations expenses	(J) item 13	\$	
Add up all the deduction amounts in step 3.	(d)	\$	

**STEP 4** Work out the following deduction amounts. For some people the amounts you show in the boxes below will only be part of the amounts you have shown on your tax return (supplementary section).

From **X** item **13** – the total deductions that relate to your share of primary production income or loss from a partnership (not from a trust), but only the deductions relating to the distribution of income from working from the partnership tax return

	\$
--	----

From **Y** item **13** – the total deductions that relate to your share of non-primary production income or loss from a partnership (not from a trust), but only the deductions relating to the distribution of income from working from the partnership tax return

	\$
--	----

From **J** item **D15** – only the following deductions:

- income protection, sickness and accident insurance premiums
- debt deductions incurred in earning assessable income from working
- section 40-880 deductions relating to ‘income from working’
- net personal services income (PSI) loss of a personal services entity that related to your PSI

	\$
	\$
	\$
	\$

Add up all the deduction amounts in step 4.

(e)	\$
-----	----

**Total deductions**

Add (d) from step 3 and (e) from step 4.

(f)	\$
-----	----

**STEP 5** Calculate your net income from working (supplementary section) (g) using (c) from step 2 and (f) from step 4. If (c) is a loss add (c) and (f). If (c) is not a loss, then take (f) away from (c).

(g)	\$	<b>Loss</b>
-----	----	-------------

The amount at (g) is your net income or loss from working (supplementary section).

**STEP 6** Write the amount at (g) at **M** item **T13** on page 12 of your tax return. If you had a loss, print **L** in the box  at the right of **M**. Even if you had a loss you may still be entitled to the mature age worker tax offset.

You do not have to work out your mature age worker tax offset. We will work out your net income from working from the information you provide on your tax return (including this item).

- CHECK THAT YOU HAVE . . .**
- written your net income from working – supplementary section at item **T13** even if the amount is **0**
  - written your date of birth on page 1 of your tax return
  - answered the Australian residency question on page 1 of your tax return.

**Were you a sole trader with an aggregated turnover of less than \$75,000 or did you receive business income from a partnership or trust with an aggregated turnover of less than \$75,000?**

See **Definitions** in the next column for an explanation of the terms used at this question.

**NO**  Go to question **T15**.

**YES**  Read below.

**YOU NEED TO KNOW**

We will automatically calculate your entrepreneurs tax offset based on information you provide at this item.

You may be eligible to receive the entrepreneurs tax offset if you are:

- a sole trader and the aggregated turnover for all your sole trader businesses is less than \$75,000
- a partner in a partnership which had an aggregated turnover of less than \$75,000
- a beneficiary of a trust which had an aggregated turnover of less than \$75,000.

You may be eligible for more than one tax offset. For example, if you were a sole trader carrying on a business and you were also a partner in a separate business partnership, you may be entitled to a tax offset for your income as a sole trader and also for your share of the net small business income from the partnership. You would need to work out your sole trader aggregated turnover separately from the aggregated turnover of the partnership.

The **entrepreneurs tax offset** is a tax offset equal to 25% of the income tax liability attributable to the **net small business income** of a small business entity with an **aggregated turnover** of \$50,000 or less. This tax offset starts to phase out when the small business entity's aggregated turnover exceeds \$50,000 and ceases when the aggregated turnover reaches \$75,000.

The entrepreneurs tax offset can only reduce your tax payable. You cannot:

- get a refund of this tax offset
- defer all or part of this tax offset to reduce your tax payable in a later income year, or
- transfer this tax offset to another taxpayer to reduce their tax payable.

**DEFINITIONS**

**Small business entity**

Generally, a sole trader, partnership or trust is a small business entity for the 2008–09 income year if the entity carried on a business in the 2008–09 year and its **aggregated turnover**:

- was less than \$2 million for the 2007–08 income year **or**
- was estimated as at the beginning of the 2008–09 income year to be less than \$2 million for the 2008–09 income year (but **not** if the entity carried on a business in the 2006–07 and 2007–08 income years and its aggregated turnover for each of those income years was \$2 million or more) **or**
- was actually less than \$2 million for the 2008–09 income year worked out as at the end of that income year.

If you started a business part way through 2008–09, your current year estimate must be made as at the day you started the business.

**Aggregated turnover**

Broadly, your aggregated turnover for the income year is:

- your **annual turnover** for the income year
- plus*
- the annual turnover of any entity **connected** or **affiliated** with you at any time during the income year
- less*
- income derived from dealings between you and any entity connected or affiliated with you.

There are aggregation rules to assist you to determine who is connected or affiliated with an entity for the purpose of calculating the aggregated turnover.

**Annual turnover**

Your annual turnover for the income year is the total ordinary income that you derived in the ordinary course of carrying on a business but it does not include:

- goods and services tax (GST) charged on a transaction, or
- your ordinary income from the sale of retail fuel.

If an entity operated a business for only part of the year, it must calculate a reasonable estimate of what its annual turnover would have been for the full year.

## T14 ENTREPRENEURS TAX OFFSET

### Affiliated

An affiliated entity is an individual or company that acts, or could reasonably be expected to act, in accordance with your directions or wishes, or as agreed between you and them in relation to the affairs of the business of that individual or company.

An affiliated entity does not include an individual or company you merely have business dealings with.

### Connected

An entity is connected with another entity where:

- either entity 'controls' the other **or**
- both are 'controlled' by the same third entity.

The control can be either direct or indirect.

### Small business entity turnover

Your small business entity turnover for the 2008–09 income year is the total ordinary income you derived in the ordinary course of carrying on a business.

If you operated a business for only part of the year, you include only your actual turnover amount. You do not need to use an estimate of your full-year turnover amount.

In working out ordinary income:

- include
  - sales of trading stock
  - fees for services provided
  - interest from business bank accounts
  - amounts received to replace something that would have had the character of business income, for example, a payment for loss of earnings
- do not include
  - GST that has been charged on a transaction
  - amounts borrowed for the business
  - proceeds from the sale of business capital assets
  - insurance proceeds for the loss or destruction of a business asset
  - amounts received from repayments of farm management deposits.

The rules that apply for working out aggregated turnover and small business entity turnover are not the same.

To calculate your small business entity turnover you will need to make the following adjustments if any of the circumstances below applies.

- If you have included another entity's turnover in your aggregated turnover amount, you will need to
  - exclude that entity's turnover, and
  - add back any income you derived from your affiliates or connected entities.
- If you have retail fuel sales, you must add back your retail fuel sales.

### Net small business income

Your net small business income is your small business entity turnover less the deductions that directly relate to that turnover. We use your net small business income to work out the amount of your entrepreneurs tax offset.

The following are some examples of amounts which would **not** reduce small business entity turnover:

- tax losses from prior years
- superannuation contributions
- gifts or donations
- costs of managing your or the entity's tax affairs, and
- deferred non-commercial losses.

If your or the entity's small business pool includes assets which are used partly for business and partly for other income-producing activities, then the pool deduction will need to be apportioned on a reasonable basis.

### WHAT YOU MAY NEED

- Details of all the business income earned during the year
- Details of the deductions that you can claim which directly relate to the business income earned during the year
- Details of all business income earned during the year by entities you were connected with or which were your affiliates
- A statement or advice from the partnership or trust showing the following details
  - the partnership's or trust's aggregated turnover, and
  - your share of the partnership's or trust's net small business income

### STEP 1 Are you eligible for more than one entrepreneurs tax offset?

**YES**  Go to step 7.

**NO**  Read below.

### STEP 2 Did you carry on a business as a sole trader and was your aggregated turnover less than \$75,000 ? (If you carried on more than one business activity, your aggregated turnover must include all your sole trader activities.)

**NO**  Go to step 5.

**YES**  Read below.

**STEP 3** Use **worksheet 1** below to calculate your net small business income as a sole trader. If you carried on more than one business as a sole trader, add together the value of the business income earned from each business when calculating your small business entity turnover and your net small business income as a sole trader.

### WORKSHEET 1

Your total small business entity turnover	\$ <input type="text"/>	(a)
Allowable deductions that directly relate to the small business entity turnover	\$ <input type="text"/>	(b)
Take (b) away from (a).	\$ <input type="text"/>	(c)

The amount at (c) is your **net small business income**. If (c) is zero or less, you are not eligible for the entrepreneurs tax offset.



**STEP 4 Is the amount at (c) in worksheet 1 on the previous page greater than zero?**

**NO**  You are not eligible to claim the entrepreneurs tax offset. Go to question T15.

**YES**  Read below.

You need to complete item T14:

- write the amount of your aggregated turnover at **K**
- write the amount of your net small business income at **N**
- print **S** in the **CODE** box at the right of **N**.

You have completed this item. Go to **Check that you have . . .** in the next column.

**STEP 5 Did you receive a share of the net small business income of a partnership with an aggregated turnover of less than \$75,000?**

**NO**  Go to step 6.

**YES**  Read below.

You need to complete item T14:

- write the amount of the partnership's aggregated turnover at **K**
- write the amount of your share of the net small business income at **N** (do not reduce this amount by any deductions that you are entitled to claim for income tax purposes)
- print **P** in the **CODE** box at the right of **N**.

You have completed this item. Go to **Check that you have . . .** in the next column.

**STEP 6 Did you receive a distribution of net small business income from a trust with an aggregated turnover of less than \$75,000?**

**NO**  You are not eligible to claim the entrepreneurs tax offset. Go to question T15.

**YES**  Read below.

You need to complete item T14:

- write the amount of the trust's aggregated turnover at **K**
- write the amount of your distribution of net small business income from the trust at **N** (do not reduce your distribution by any deductions that you are entitled to claim for income tax purposes)
- print **T** in the **CODE** box at the right of **N**.

You have completed this item. Go to **Check that you have . . .** in the next column.

**STEP 7** You need to provide additional information. On a separate piece of paper:

- print SCHEDULE OF ADDITIONAL INFORMATION – ITEM T14
- include your name, address and tax file number
- for each partnership or trust for which you are eligible for an entrepreneurs tax offset
  - write the name of the partnership or trust
  - print **CODE =** and print the code letter **P** for partnership or **T** for trust
  - print **K =** and write the amount of the entity's aggregated turnover
  - print **N =** and write the amount of your distribution from the partnership or trust (do not reduce your distribution amount by any deductions that you are entitled to claim for income tax purposes)
- if you are eligible for an entrepreneurs tax offset as a sole trader complete steps 2 and 3 on the previous page, then on your SCHEDULE OF ADDITIONAL INFORMATION – ITEM T14
  - print **CODE = S**
  - print **K =** and write the amount of your total aggregated turnover
  - print **N =** and write the amount of your net small business income (c) from worksheet 1 (do not reduce this amount by any deductions that you are entitled to claim for income tax purposes)
- sign and attach your schedule to page 3 of your tax return
- print **X** in the **YES** box at *Taxpayer's declaration* question 2a on page 8 of your tax return.

You have completed this item. Go to **Check that you have . . .**

**CHECK THAT YOU HAVE . . .**

- attached to page 3 of your tax return your signed SCHEDULE OF ADDITIONAL INFORMATION – ITEM T14, if you need to include one
- completed a *Business and professional items schedule for individuals 2009* (NAT 2816) if you are claiming an entrepreneurs tax offset for your activities as a sole trader.

**Were you entitled to a tax offset for interest from the land transport facilities tax offset scheme or infrastructure borrowings scheme or did you perform work or services in the Joint Petroleum Development Area (JPDA) of the Timor Sea?**

- NO**  Go to **Total supplement tax offsets** on the next page.
- YES**  Read below.

If you can claim more than one of the tax offsets listed above, you will need to add up all your tax offset amounts before writing the total on your tax return (supplementary section).

## PART A

**Were you entitled to a tax offset for interest from the land transport facilities tax offset scheme or infrastructure borrowings scheme?**

- NO**  Go to part B in the next column.
- YES**  Read below.

You may be able to claim a tax offset if:

- you derived any interest from the land transport facilities tax offset scheme, or
- you elected to have interest derived from your investment in infrastructure borrowings included as part of your assessable income.

You may be entitled to a tax offset of 30%.

**! NOTE**

If your interest derived from the land transport facilities tax offset scheme is subject to an annual upper limit under an agreement between the lenders, the borrowers and the Minister for Transport and Regional Services, you cannot claim a tax offset for the part of your interest that exceeds that upper limit.

**STEP 1** Work out the amount of interest derived from the land transport facilities tax offset scheme for which you can claim a tax offset and any amount of interest you received from infrastructure borrowings.

**STEP 2** Multiply the amount from step 1 by 30, then divide by 100. This is the 30% tax offset for the interest you received.

## PART B

**Did you receive income for work or services performed in the Joint Petroleum Development Area (JPDA) of the Timor Sea?**

- NO**  Go to **Completing this item** below.
- YES**  Read below.

You will need a copy of the *Timor Sea Treaty – Joint Petroleum Development Area instructions 2009* (NAT 8277), available on our website, to work out how to deal with your JPDA income. The instruction sheet will tell you how to complete your tax return so that you receive the correct assessment.

## ▶ COMPLETING THIS ITEM

**STEP 1** Add up all your tax offset amounts at this item. Write the total at **C** item **T15** on page 12 of your tax return. Do not show cents.

**STEP 2** Complete the **CLAIM TYPE** box  at the right of **C** item **T15** as follows:

- If you are claiming a JPDA tax offset under part B, print **H** in the **CLAIM TYPE** box.
- If you are claiming a tax offset under the land transport facilities tax offset scheme or infrastructure borrowings scheme under part A, print **I** in the **CLAIM TYPE** box.
- If you are claiming for more than one type of tax offset and code letters **H** and **I** both apply, choose the code letter that applies to the largest amount and print it in the **CLAIM TYPE** box.

## Did you claim any tax offsets at items **T8**, **T9**, **T10**, **T11**, **T12** and **T15**?

**NO**  Go to step 4.

**YES**  Go to step 1.

**STEP 1** Add up all the tax offset amounts in the right-hand column of items **T8**, **T9**, **T10**, **T11**, **T12** and **T15** on your tax return.

**STEP 2** Write the amount from step 1 at **TOTAL SUPPLEMENT TAX OFFSETS** on page 12 of your tax return. Do not show cents.

**STEP 3** Transfer the amount you wrote at **TOTAL SUPPLEMENT TAX OFFSETS** to **T** on page 4 of your tax return.

**STEP 4** Go to page 78 in *TaxPack 2009* to calculate your total tax offsets.

### NOTE

We use the amounts at items **T13** and **T14** to work out your mature age worker and entrepreneurs tax offset entitlements. Do not include them at **TOTAL SUPPLEMENT TAX OFFSETS**.

## A3 Adjustments

Amount on which family trust distribution tax has been paid

### In 2008–09 did a trust, company or partnership distribute anything to you on which family trust distribution tax has been paid?

Distributions on which family trust distribution tax is payable may include:

- income or property from a trust or partnership
- dividends or property from a company
- the use of property owned by the trust, partnership or company for which you have not paid full value, such as the free use of a holiday house.

The trust, partnership or company should be able to tell you if family trust distribution tax has been paid on a distribution to you.

**NO**  Go to question C1.

**YES**  Read below.

### YOU NEED TO KNOW

Family trust distribution tax is payable by:

- a trust which has elected to be a family trust, or
- a trust, partnership or company which has made an interposed entity election to be included in the 'family group' of a family trust on any distribution made to a person outside that 'family group'.

You do not include in your assessable income any part of a distribution to you on which family trust distribution tax has already been paid, and which would otherwise be assessable income.

However, to determine your liability for the Medicare levy surcharge, we take into account any part of a distribution to you on which family trust distribution tax has already been paid (that would otherwise have been assessable income) reduced by any expenses that would have been deductible against it. This is the amount that you need to show at this item.

### EXAMPLE

During 2008–09 the Jones family trust distributed \$1,000 to Anne-Marie. The 'family trust election' of the Jones family trust was in force at the time the distribution was made. Because Anne-Marie is not a member of the family group of the Jones family trust, family trust distribution tax is payable on the \$1,000 distribution. This was paid in full by the trustee of the Jones family trust from other funds.

As a result, Anne-Marie does not include the \$1,000 distribution in her assessable income. Instead Anne-Marie shows at this item the \$1,000 distribution from the Jones family trust less any expenses that would have been deductible against it.

However, had family trust distribution tax not been paid, Anne-Marie would have had to include in her assessable income any part of the distribution that was assessable under the normal income tax rules.

### ▶ COMPLETING THIS ITEM

**STEP 1** Add up the amounts or value of all distributions to you by a trust, partnership or company during 2008–09 which would have been assessable income if family trust distribution tax had not been paid.

**STEP 2** Add up any expenses which you would have been able to claim as a deduction if the distributions had been included in your assessable income.

**STEP 3** Take away your step 2 amount, if any, from your step 1 amount.

**STEP 4** Write the amount from step 3 at **X** item **A3** on page 12 of your tax return. Do not show cents. If the amount from step 3 is zero or less than zero, do not write anything. You have finished this question.

**During 2008–09, did you make any of the following payments to the Tax Office more than 14 days before the due date:**

- **income tax (including Medicare levy and Medicare levy surcharge) shown on your notice of assessment**
- **compulsory Higher Education Loan Programme (HELP) repayment amount shown on your notice of assessment**
- **compulsory Student Financial Supplement Scheme (SFSS) debt repayment shown on your notice of assessment**
- **interest on distributions from non-resident trust estates**
- **shortfall interest charge**
- **income tax penalty for the 1999–2000 and earlier income years**
- **general interest charge for lodging a late income tax return for income years up to and including 1999–2000**
- **general interest charge on an increase in the tax payable resulting from an amended assessment for income years up to and including 1999–2000?**

**NO**  Go to the **Checklist** on the next page.


**YES**  Read below.

You can claim for interest on an early payment either by writing to the Tax Office for a direct payment or by completing this item. If you have already requested the direct payment of interest on your early payment, do not claim it at this item.

## YOU NEED TO KNOW

The following are not early payments:

- pay as you go (PAYG) withholding amounts including:
  - amounts withheld from interest, dividends and royalties
  - amounts withheld by payers including those withheld for the Higher Education Contribution Scheme (HECS), HELP and SFSS
- PAYG instalments.

 For more information, read the publication *Interest on early payments and overpayments of tax 2009* (NAT 2277) or chapter 82 of the *ATO Receivables Policy*. They are available on our website.

The interest you receive will need to be shown as income on your tax return for the year in which we paid or credited the interest to you.

The interest period starts on the date you made your payment or the issue date of your notice informing you of the amount of tax, debt, interest or instalment, whichever is the later. The interest period ends on the due date for

payment or when the refund takes place where the early payment is refunded before the due date, whichever is the earlier. For example, a notice of assessment issued to you on 19 September 2008 showed an amount of tax payable. If the amount was due on 21 November 2008 but you paid early, on 1 November 2008, the interest period would be 21 days – 1 November to 21 November.

The interest rate applying for each quarter of 2008–09 is shown below:

### INTEREST RATES FOR EARLY PAYMENTS CALCULATION

Period	Interest rate (% pa)
1 July 2008 to 30 September 2008	7.75
1 October 2008 to 31 December 2008	7.31
1 January 2009 to 31 March 2009	4.76
1 April 2009 to 30 June 2009	3.16

### WHAT YOU NEED

- Notification from the Tax Office showing the date of the notice, the amount owing and the due date
- Details of your date of payment, shown on your bank statement or receipt from the post office or the Tax Office. Allow three extra days if you posted your payment.

### COMPLETING THIS ITEM

If the early payment extends over two or more interest periods, you will need to do steps 1 to 4 for the number of days in each period.

**STEP 1** Work out by how many days your payment was early. This is the number of days from either the date you paid the amount or the issue date on your notice informing you of the amount of tax, debt, interest or instalment – whichever is the later – up to and including the date when the payment was due.

**STEP 2** Divide the number of days from step 1 by 365.

**STEP 3** Multiply the answer you got at step 2 by the amount of the payment.

**STEP 4** Multiply the answer from step 3 by the rate of interest for the period and divide by 100. For example, for the period 1 July 2008 to 30 September 2008, multiply by 7.75 and divide by 100.

**STEP 5** Add up the amounts for each period in step 4.

**STEP 6** If the amount from step 5 is equal to or greater than 50 cents, write the total at **L** item **C1** on page 12 of your tax return. Show cents. If the amount is less than 50 cents, you cannot claim.

**STEP 7** You have now finished this question. Go to the **Checklist** on the next page.



# Checklist – tax return pages 9–12

Use this checklist to make sure pages 9–12 of your tax return (supplementary section) are complete before you attach them to page 8 of your tax return.

## CHECK THAT YOU HAVE . . .

- printed your tax file number and name on page 9 of your tax return (supplementary section)
- written totals (if applicable) at:
  - TOTAL SUPPLEMENT INCOME OR LOSS**
  - TOTAL SUPPLEMENT DEDUCTIONS**
  - TOTAL SUPPLEMENT TAX OFFSETS**
- transferred the totals above, where instructed
- completed item **A3**, if required to do so
- completed item **C1**, if required to do so
- if you were asked to do so, filled in the boxes  or  at items **13, 14, 15, 17, 20, 21** and **TOTAL SUPPLEMENT INCOME OR LOSS**, and the  boxes at items **T13, T14** and **T15**

- completed the *Business and professional items schedule for individuals 2009* (NAT 2543) if you answered **YES** at question **13** (if you had a net loss), **14, 15** or **16**. If you had tax withheld from your business or personal services income, you must also have completed an *Individual PAYG payment summary schedule 2009* (NAT 3647)
- attached to page 3 of your tax return all attachments as instructed by any section or question in *TaxPack 2009 supplement*
- signed and dated the *Taxpayer's signature* block on page 12 of your tax return (supplementary section)
- kept copies of your tax return, all attachments and relevant papers for your own records.

See the inside back cover for a list of infolines to phone if you are uncertain about any of the questions.

Go to page 79 in *TaxPack 2009* and continue working through *TaxPack*.







# TAX OFFSETS

Pages s47–65 in *TaxPack 2009 supplement* will help you to claim your tax offsets correctly.



**T8 Superannuation contributions on behalf of your spouse** Contributions paid .00 **A** .00 Tax offsets – do not show cents

You must also complete **Spouse details – married or de facto** on pages 6–7 of your tax return.

---

**T9 Zone or overseas forces** **R** .00

---

**T10 20% tax offset on net medical expenses over the threshold amount** **X** .00

---

**T11 Parent, spouse's parent or invalid relative** **B** .00

---

**T12 Landcare and water facility** Landcare and water facility tax offset brought forward from earlier years **T** .00

---

**T13 Net income from working – supplementary section** **M** .00 **LOSS**  **We use this amount to work out your mature age worker tax offset entitlement. Do not include it in your total supplement tax offsets below.**

---

**T14 Entrepreneurs tax offset** Read the information on **T14** in *TaxPack 2009 supplement* before completing this item.

Small business entity aggregated turnover **K** .00 Net small business entity income **N** .00 **CODE**

---

**T15 Other tax offsets** If you are entitled to a tax offset for low income, do **not** write it anywhere on your tax return. The Tax Office will work it out for you. **C** .00 **CLAIM TYPE**

**TOTAL SUPPLEMENT TAX OFFSETS** Add up all the tax offset amounts at items **T8**, **T9**, **T10**, **T11**, **T12** and **T15**. \$ .00

Transfer this amount to page 4 of your tax return at **T**

# ADJUSTMENT

Page s66 in *TaxPack 2009 supplement* will help you to fill in this item correctly.

**A3 Amount on which family trust distribution tax has been paid** **X** .00

If a trust, partnership or company made a distribution to you on which family trust distribution tax has been paid, you **must** read page s66 in *TaxPack 2009 supplement*.

# CREDIT FOR INTEREST ON TAX PAID

Page s67 in *TaxPack 2009 supplement* will help you to fill in the following item correctly.

**C1 Credit for interest on early payments – amount of interest** **L** .00

# TAXPAYER'S SIGNATURE

When you have completed your supplementary section, sign and date below.

Signature

Date 

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

- What to do when you have completed this supplementary section**
- Sign and date the supplementary section above.
  - Make sure you answer **YES** at *Taxpayer's declaration* question **1** on page 8 of your tax return.
  - If you completed item **13** on page 9 and you were asked to complete the *Business and professional items schedule for individuals 2009*, attach your completed schedule to page 3 of your tax return.
  - If you completed item **14** on page 9, or **15** or **16** on page 10, attach your completed *Business and professional items schedule for individuals 2009* to page 3 of your tax return.
  - Attach your supplementary section to page 8 of your tax return.
- For more information, read the Checklist and the subsequent pages in *TaxPack 2009*.

**Don't forget to sign the *Taxpayer's declaration* on page 8 of your tax return.**





# Tax return for individuals (supplementary section)

# 2009

1 July 2008 to 30 June 2009

Use *TaxPack 2009 supplement* to fill in this tax return. Please print neatly in BLOCK LETTERS with a black or blue ballpoint pen only. Do not use correction fluid or tape. Print one letter or number in each box. Print **X** in appropriate boxes. Complete your details carefully to avoid delays in processing your tax return.

Your tax file number (TFN)

See the **Privacy** note in the *Taxpayer's declaration* on page 8 of your *Tax return for individuals 2009*.

Your name

Print your full name.

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

Surname or family name

Given names

## INCOME

Pages s2–8 in *TaxPack 2009 supplement* will help you to fill in the following items correctly.

### 13 Partnerships and trusts

Include any deferred non-commercial business losses from a prior year at **X** or **Y** as appropriate and insert the relevant code in the **TYPE** box.

#### Primary production

Distribution from partnerships **N**

Distribution from trusts **L**

Landcare operations and deduction for decline in value of water facility **I**

Other deductions relating to distribution **X**

If you have a net loss from a partnership business activity, complete items **P3** and **P9** in the *Business and professional items schedule for individuals 2009* in addition to item **13**.

#### Non-primary production

Distribution from partnerships, less foreign income **O**

Distribution from trusts, less net capital gains and foreign income **U**

Landcare operations expenses **J**

Other deductions relating to distributions shown at **O** and **U** **Y**

Net primary production distribution

Show distributions of:  
■ net capital gains at item **18** and  
■ foreign income at item **19** or **20**.

#### Share of credits from income and tax offsets

Share of credit for tax withheld where Australian business number not quoted **P**

Share of franking credit from franked dividends **Q**

Share of credit for tax file number amounts withheld from interest, dividends, and unit trust distributions **R**

Share of credit for tax paid by trustee **S**

Share of credit for amounts withheld from foreign resident withholding or a managed investment trust fund payment **A**

Share of National rental affordability scheme tax offset **B**

Net non-primary production distribution

### 14 Personal services income (PSI)

Tax withheld – voluntary agreement **G**

Tax withheld where Australian business number not quoted **H**

Tax withheld – labour hire or other specified payments **J**

To complete this item, you must have read the publication *Business and professional items 2009* and completed the *Business and professional items schedule for individuals 2009*. Attach the schedule to page 3 of your tax return.

Net PSI – transferred from **A** on your *Business and professional items schedule for individuals 2009* **A**







# More information

## PUBLICATIONS

(including taxation rulings, practice statements and forms)

To get publications referred to in *TaxPack 2009 supplement* you can:

■ **visit our website** [www.ato.gov.au/publications](http://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, quote the full title printed in *TaxPack 2009 supplement*. 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 page 112 in *TaxPack 2009* for more information.

## YOU CAN VISIT OUR WEBSITE

You can visit our website at [www.ato.gov.au](http://www.ato.gov.au) for information on anything that you read in *TaxPack 2009 supplement*.

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 *TaxPack 2009* and *TaxPack 2009 supplement* handy when you phone us.

We can offer a more personalised service if you provide your tax file number (TFN) 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 TFN and either details from your last notice of assessment or some personal details.

Our infolines are open Monday to Friday 8.00am to 6.00pm except where otherwise indicated. Our automated services are available 24 hours a day, every day of the year.

You can find a list of Tax Office infolines in your White Pages.

### Phoning from overseas

If you are phoning us from overseas: **+61 2 6216 1111**

Phone during our business hours, 8.30am to 4.45pm (Australian Eastern Standard or daylight-saving time). Note that our infoline numbers may not work from all countries.

You can also fax us: **+61 2 6216 2830**

**Individual Infoline** **13 28 61**

Phone between 8.00am and 6.00pm. Enquiries about the following subjects can be made to this service:

- e-tax – our free online tax preparation and lodgment software
- baby bonus

- pay as you go (PAYG), including instalment activity statements
- student loan schemes (HELP and SFSS)
- capital gains, rental income, foreign income and questions in *TaxPack 2009 supplement*
- notice of assessment
- your income tax account, such as personal details, payment arrangements and lost refund cheques, lodgment and queries about questions in *TaxPack 2009*
- binding oral advice.

**Business Infoline** **13 28 66**

**Complaints** **1800 199 010**

Fax (FREECALL) **1800 060 063**

**EFT Infoline** **1800 802 308**

For enquiries about direct deposit of your tax refund

**Family Assistance Office (FAO)** **13 61 50**

**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
- lodge your application for the education tax refund.

**Note:** Although providing your TFN is voluntary, you need to quote your TFN to use these self-help services (except publications ordering).

### People with a hearing, speech or vision impairment

If you have a hearing or speech impairment, see page 112 in *TaxPack 2009*.

If you have a vision impairment you can prepare your tax return on your personal computer and lodge online using e-tax which is available on our website. You will need the internet and screen reader or screen magnification software. We recommend that you use a Microsoft Windows operating system.

We have available free audio and e-text versions of *TaxPack 2009* and *TaxPack 2009 supplement*. To get copies of these phone: **13 28 61**

### To report tax evasion confidentially

Phone (FREECALL) **1800 060 062**

Fax (FREECALL) **1800 804 544**

Go to our website **[www.ato.gov.au/reportevasion](http://www.ato.gov.au/reportevasion)**

Mail Locked Bag 6050, Dandenong VIC 3175



**If you do not speak English well and need help from the Tax Office, phone the Translating and Interpreting Service (TIS) on 13 14 50. TIS staff can assist with interpreting in over 120 languages.**

**Arabic**

إذا كنت لا تتحدث باللغة الإنجليزية وكنت في حاجة إلى مساعدة من مكتب الضرائب، الرجاء الاتصال بخدمة الترجمة الخطية والشفوية (TIS) على الرقم 13 14 50.

**Chinese**

如果你的英语说得不好而需要税务局的帮助，请拨打13 14 50 联系翻译及传译服务处。

**Dari**

اگر لسان انگلیسی را خوب گپ نمی‌نید و به کمک اداره مالیات احتیاج دارید، به اداره خدمات ترجمان کتبی و شفاهی به نمبر ۱۳۱۴۵۰ تلفون کنید.

**Dinka**

Naa cī ye jam në thoŋ ë Dīñëlīth apath ku gōr koony tēnē māktāb de tek, ke yī yub Kídīma de Tarjama ku Wērēthok (TIS) Tālapun: 13 14 50.

**Greek**

Αν δεν μιλάτε καλά Αγγλικά και χρειάζεστε βοήθεια από την Εφορία, τηλεφωνήστε την Υπηρεσία Μεταφραστών και Διερμηνέων (TIS) στο 13 14 50.

**Croatian**

Ako imate poteškoća s engleskim, a potrebna vam je pomoć Poreznog ureda, nazovite Službu prevoditelja i tumača (Translating and Interpreting Service – TIS) na 13 14 50.

**Japanese**

英語でお困りの方で、国税庁のサポートが必要な場合は、翻訳通訳サービス(TIS) 13 14 50 にお電話ください。

**Italian**

Se non parlate bene l'inglese e vi serve aiuto dall'Ufficio delle imposte, telefonate al Servizio traduzioni e interpreti (TIS) al numero 13 14 50.

**Khmer**

ប្រសិនបើអ្នកមិនសូវចេះនិយាយភាសាអង់គ្លេសទេ ហើយត្រូវការជំនួយពីការបកប្រែនិងបកស្រាយ (TIS) តាមលេខ 13 14 50។

**Korean**

영어를 잘하지 못하지만 국제청으로부터 도움을 받고자 한다면, 번역 및 통역 서비스 (TIS) 13 14 50 번으로 전화하십시오.

**Macedonian**

Ako ne zboruvate dobro англиски и ви треба помош од Даночната управа, телефонирајте во Службата за писмено и усмено преведување (Translating and Interpreting Service - TIS) на 13 14 50.

**Persian**

اگر بخوبی انگلیسی صحبت نمی‌کنید و به کمک اداره مالیات نیاز دارید، به اداره خدمات ترجمان کتبی و شفاهی به شماره ۱۳۱۴۵۰ تلفن فرمایید.

**Russian**

Если Вы недостаточно хорошо говорите по-английски, и Вам требуется помощь Налоговой Службы, позвоните в Службу Переводов (TIS) по телефону 13 14 50.

**Serbian**

Ako ne govorite dobro engleski и треба вам помоћ од Пореске управе (Tax Office), назовите Службу преводилаца и тумача (TIS) на 13 14 50.

**Spanish**

Si no habla bien inglés, y necesita ayuda de la Oficina de Impuestos, llame al Servicio de Interpretación y Traducción (TIS) al 13 14 50.

**Thai**

หากท่านพูดภาษาอังกฤษได้ไม่คล่อง และต้องการความช่วยเหลือจากกรมสรรพากร กรุณาติดต่อฝ่ายบริการสามและแปลภาษา (Translating and Interpreting Service - TIS) ที่หมายเลข 13 14 50.

**Turkish**

İyi İngilizce konuşmıyorsanız ve Vergi Dairesi'nden yardıma ihtiyacınız varsa, 13 14 50 numaralı telefondan Yazılı ve Sözlü çeviri Servisi'ni (TIS) arayın.

**Vietnamese**

Nếu quý vị không nói rành tiếng Anh và cần sự giúp đỡ của Văn Phòng Thuế Vụ, xin gọi cho Dịch Vụ Thông Ngôn và Phiên Dịch (TIS) ở số 13 14 50.

## **TaxPack in accessible formats for the vision impaired**

### **TaxDAISY**

A disk containing *TaxPack 2009* and *TaxPack 2009 supplement* in audio format for use in a DAISY player

DAISY stands for Digital Accessible Information System and is a digital talking book that may contain sound and text. DAISY books can be read on a portable digital playback device or on a computer with DAISY software.

### **TaxCD**

Audio summaries of *TaxPack 2009* and *TaxPack 2009 supplement* on CD

### **TaxDISK**

*TaxPack 2009* and *TaxPack 2009 supplement* on disk formatted for computers with screen reader and speech synthesiser software

All are available free from the Tax Office – phone **13 28 61**.

### **E-tax 2009**

Prepare your tax return on a computer, using screen reader software, and lodge online. Download *e-tax* from the Tax Office website at [www.ato.gov.au](http://www.ato.gov.au)