INDIVIDUALS	TAXPAYERS	GUIDE	NAT 0976—6.2004
SEGMENT	AUDIENCE	FORMAT	PRODUCT ID

Australian Government

Australian Taxation Office

TaxPack 2004

To help you prepare and lodge your tax return

Lodge your tax return by 31 October 2004

You may also need *TaxPack 2004 supplement* see page 7

Looking for another way to do your tax?

You don't need to use *TaxPack* if you have access to the internet—for a fast, secure and easy way to do your tax, use e-tax, available 7 days a week at **www.ato.gov.au**

COMMISSIONER'S GUARANTEE

THE COMMISSIONER OFFERS YOU THE FOLLOWING PROTECTIONS IF YOU USE *TAXPACK 2004* PROPERLY:

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

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

USING *TAXPACK 2004* PROPERLY MEANS YOU MUST:

- have on hand all your necessary documentation and records for the 2003–04 income year (1 July 2003 to 30 June 2004)
- read all the preliminary pages—they provide valuable information ranging from whether you need to lodge a tax return at all, to how you can get a faster refund
- read each question caption carefully and
  - if it does not apply to you, go to the next question
  - if it does apply to you, read the question carefully so that you provide the required details on your tax return
- make sure that you complete the Medicare levy surcharge question (**M2**). It applies to all taxpayers
- be aware of the Index at the back of *TaxPack*—it can help you to find information that is relevant to your circumstances, and
- use the checklist on page 105 before you lodge your tax return.

TaxPack 2004 has been prepared to help you complete your tax return correctly—see **Self-assessment—it's your responsibility** on page 8.

We have a charter which sets out your rights and obligations along with the service and other standards you can expect from us. For more information see **Dealing with the Tax Office** on page 112.

Michael Carmody Commissioner of Taxation

CONTENTS

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INFORMATION

DO YOU HAVE TO LODGE A TAX RETURN?

There are a number of reasons, listed below, why you may have to lodge a tax return for the 2003–04 income year (1 July 2003 to 30 June 2004). **Check each reason in order—REASON 1 to OTHER REASONS**.

- If you find a reason that applies to your circumstances, you have to lodge. You do not have to read any further—proceed to page 4.
- If none of the reasons listed applies to you, go to page 3 to find out if you need to complete a *2004 non-lodgment advice*.

REASON 1

You paid tax during 2003–04.

You need to lodge if you were an Australian resident for tax purposes (see page 10) and:

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

REASON 2

You were eligible for the Senior Australians tax offset—you must meet all four conditions on page 79.

You need to lodge if your taxable income was more than the following relevant amount:

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

REASON 3

You received a Commonwealth of Australia government pension, allowance or payment but you were not eligible for the Senior Australians tax offset.

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

- You received an allowance or payment listed at question **5** on page 22 AND you had other income and your taxable income was more than $7,383.
- You received a pension, allowance or payment listed at question **6** on page 23 AND your taxable income was more than the following relevant amount:
  - if you were single or widowed at any time during the year—$18,141
  - if you had a spouse but either of you lived in a nursing home or you had to live apart due to illness—$17,282
  - if you lived with your spouse for the full year—$15,176.

REASON 4

You were not eligible for the Senior Australians tax offset and you did not receive a Commonwealth of Australia government pension, allowance or payment but you received or earned income.

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

- $6,000—if you were an Australian resident for tax purposes for the full year
- $772—if you were under 18 years of age at 30 June 2004 and your income was not salary or wages
- $1—if you were a non-resident and you had income taxable in Australia—excluding income that has non-resident withholding tax withheld from it
- part-year tax-free threshold amount—if you stopped full-time education for the first time or you became or stopped being an Australian resident for tax purposes, you will have a part-year tax-free threshold which determines whether you have to lodge a tax return. Page 114 shows you how to work out this amount.

OTHER REASONS

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

- You are the liable parent under a child support assessment.
- You have a reportable fringe benefits amount on your *PAYG payment summary—individual non business*.
- You are entitled to a tax offset at question **T5** on pages 87–8.
- You carried on a business.
- You made a loss or you can claim a loss you made in a previous year.
- You were entitled to a distribution from a trust, or you had an interest in a partnership AND the trust or partnership carried on a business of primary production.
- You were an Australian resident for tax purposes and you had exempt foreign employment income and $1 or more of other income. Pages s22–7 in *TaxPack 2004 supplement* explain what is meant by 'exempt foreign employment income'.
- You are a special professional covered by the income averaging provisions. These provisions apply to authors of literary, dramatic, musical or artistic works, inventors, performing artists, production associates and active sportspersons.
- You received income from dividends or distributions exceeding $6,000 (or $416 if you were under 18 years of age at 30 June 2004) AND you had franking credits (formerly called 'imputation credits') or amounts withheld because you did not quote your TFN or ABN to the investment body.
- You are eligible for the Super Co-contribution on personal contributions you made to a complying superannuation fund or retirement savings account—see question **T4** on page 84.

Deceased estate

If you are looking after the estate of someone who died during 2003–04, consider the above points on their behalf and, if a tax return is not required, complete the *2004 non-lodgment advice* on the next page and send it to the Tax Office. If a tax return is required, see page 10 for more information.

NOTE

Franking credits

Franking credits were formerly called 'imputation credits'. If you have a franking credit—shown on your dividend statement or your distribution statement from a managed fund for 2003–04—so long as you satisfy certain conditions you may be able to claim a refund of this franking credit without lodging a tax return. The publication *Refund of franking credits instructions and application for individuals* (NAT 4105—6.2004) has more information about the conditions that apply and how you can claim your franking credit.

Baby bonus

If you are claiming the baby bonus for 2004 but you do not have to lodge a tax return, you can claim the baby bonus:

- electronically using e-tax, which has a separate baby bonus application—see page 5 for further information about e-tax, or
- by using the publication *2004 baby bonus instructions and claim* (NAT 6580—6.2004) and lodging your claim either by mail or over the phone.

If you are lodging both a claim for baby bonus and an application for refund of franking credits, you must attach the claims together and send them to us. You can use e-tax when lodging these claims together, but you will be required to complete a full tax return in the e-tax application.

The publications *Refund of franking credits instructions and application for individuals* and *2004 baby bonus instructions and claim* are available on the Tax Office website at **www.ato.gov.au** Or to find out how to get a printed copy, see the inside back cover of *TaxPack*.

DO YOU HAVE TO LODGE A TAX RETURN?

CUT ALONG DOTTED LINE TO REMOVE

Australian Government
Australian Taxation Office

2004 non-lodgment advice

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

- You have previously sent us a tax return or non-lodgment advice, a form or a letter that told us that you do not need to lodge a tax return for all future years.
- Your only income was from an allowance or payment listed at question **5** on page 22 OR you received a pension, allowance or payment listed at question **6** on page 23 and your taxable income was less than the relevant amount in REASON 2 (if you are eligible for the Senior Australians tax offset) or REASON 3. (The agencies that pay these have provided information for us to determine that you do not need to lodge a tax return.)

Your tax file number

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

Your date of birth DAY MONTH YEAR

Your name

Title—for example, Mr, Mrs, Ms, Miss

Surname or family name

Given names

Your postal address

Suburb or town

State Postcode Country if not Australia

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

NO Read on.

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

Suburb or town

State Postcode Country if not Australia

Your telephone number during business hours—if it is convenient

Area code Telephone number

Reason for not lodging a tax return

I will not have to lodge a tax return for 2004 because none of the reasons listed on page 2 apply.

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

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

Signature Date

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

Use the pre-addressed envelope provided with *TaxPack* to send your non-lodgment advice to the Tax Office by 31 October 2004. See page 106 for more details.

www.ato.gov.au

INFORMATION

WHAT ARE YOUR CHOICES FOR DOING YOUR TAX RETURN?

USE E-TAX TO LODGE YOUR TAX RETURN OVER THE INTERNET AND GET A FASTER REFUND

e-tax will help you to prepare your tax return easily, quickly and securely using the internet. e-tax software helps you prepare your tax return and by asking you questions will complete and lodge your tax return based on your answers. e-tax has a calculator to work out any capital gain or capital loss as well as estimating your tax refund or tax debt. Most tax returns lodged using e-tax are processed within 14 days. If you are eligible for a refund, you will receive it quickly. If you have a tax debt, your debt will not be due before 22 November. Visit the Tax Office website at **www.ato.gov.au** and lodge your tax return online via e-tax.

YOU CAN DO IT YOURSELF USING *TAXPACK 2004*

Just follow the instructions and make sure you lodge your tax return by 31 October 2004. However, as 31 October 2004 falls on a Sunday, you may lodge your tax return on 1 November 2004 without incurring a penalty. You should not lodge your tax return if it is incomplete. If you think you will still be missing information on 1 November, ask us if you can lodge at a later date. Page 8 in *TaxPack 2004* tells you how.

SOMEONE ELSE CAN DO IT FOR YOU

FAMILY MEMBER OR FRIEND

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

TAX HELP COMMUNITY VOLUNTEERS

Tax Help is a network of community volunteers trained to help people prepare their tax returns or claims for a refund of franking credits (formerly called 'imputation credits') or baby bonus.

This free service is available for people on low incomes—including those who are also seniors, people from non-English speaking backgrounds, people with a disability, Aboriginal people, Torres Strait Islander people and students.

See page 14 in *TaxPack 2004* for more information.

REGISTERED TAX AGENTS

Registered tax agents are the only people who can prepare and lodge your tax return for a fee. Some people present themselves as registered tax agents when they are not. You should ensure that you are using a registered tax agent. A list of registered agents can be found at **www.tabd.gov.au** or you can check with the Tax Agents' Board on **1300 362 829**. If you did not go to a tax agent last year—or you will be going to a different tax agent this year—make sure that you see them before 31 October 2004.

Even if someone else—a family member, friend or tax agent—helps you to prepare your tax return, you are still legally responsible for the accuracy of the information. See **Self-assessment—it's your responsibility** on page 8.

SIGNING YOUR TAX RETURN

You must sign and date the *Taxpayer's declaration* on your tax return to confirm that it is true and correct. Someone else may sign your tax return on your behalf if they have authority to do so under a power of attorney.

A signed copy of the current power of attorney must be attached to your return if you have not previously lodged the authority with the Tax Office.

YOUR CHOICES IN THE FUTURE

We will make it easier for you to do your tax return by giving you more ways to prepare and lodge it.

Simple tax return

If you have relatively simple tax affairs, you will be able to use a short form—either paper or electronic—that you can lodge using the internet, the phone or by mail.

Complex returns

We are looking at several improvements that will be particularly helpful to people with complex tax affairs. We are:

- working with commercial software providers to make it easier for you to copy information from your business and accounting software into your tax return
- developing ways to fill in your form with information we receive from employers, banks, health funds and other sources, so you don't need to tell us things we already know
- developing electronic tools to help you keep records throughout the year that you can transfer to e-tax or your tax agent
- developing systems that overcome the complexity of tax law—for example, a capital gains tax calculator that would take you through a series of questions then tell you the amount of capital gain (if any), to include in your return, instead of you working though the instructions step-by-step.

What else we are planning

- We are developing parts of our internet site for specific audiences (such as youth). We will provide clear content that leads you from introductory to more complex information.
- We are researching the possibility of developing special short tax returns for specific groups such as retirees and school leavers.

More information

You will find more detail about our future plans on our website at **www.ato.gov.au/future** There is also a form we would like you to use to tell us what you think. If you do not have internet access phone the Personal Tax Infoline (see the inside back cover of *TaxPack*) and ask us to mail you a copy.

e-tax 2004

Prepare your tax return electronically and lodge online

e-tax from the Tax Office

- easy to use
- safe and secure
- most refunds in 14 days
- access for the vision impaired
- improvements in areas such as spouse, managed fund and capital gains tax
- free

Join over 800,000 people who already use e-tax.

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

Australian Government
Australian Taxation Office

INFORMATION
IF YOU NEED MORE HELP

YOU CAN VISIT OUR WEBSITE

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

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

YOU CAN PHONE THE TAX OFFICE

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

If you would like to visit the Tax Office, phone for an appointment. Our telephone number and office locations are listed on page 123.

YOU CAN ASK FOR A TAXATION RULING

If you have a complex query about your tax affairs, you may want to ask for a private ruling which will relate to your personal circumstances.

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

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

All issued private rulings are edited, to protect your privacy, and published on the Tax Office website. For more information, see the *Application for a private ruling for individuals*.

You can ask for a review of your private ruling if you disagree with it even if you have not received your assessment. Details of the review procedures are sent to you when the private ruling decision is made.

BINDING ORAL ADVICE

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

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

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

To get further information or to apply for Binding Oral Advice phone the Personal Tax Infoline (see the inside back cover of *TaxPack*). Information on Binding Oral Advice is also available on our website at **www.ato.gov.au**

PRODUCT RULINGS

Is there a product ruling for a managed investment scheme you have invested in? The Tax Office website has more information about product rulings and lists of current product rulings on the aggressive tax planning website—log onto **www.ato.gov.au/atp** A product ruling provides certainty for investors in the arrangement it relates to by confirming that the tax benefits set out in the product ruling are available, provided that the arrangement is carried out in accordance with the details provided by the applicant and described in the product ruling.

Publications

TAXPACK REFERRED PUBLICATIONS

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

TAX RETURNS

Additional copies are available from our Publications Distribution Service or the Tax Office—see the inside back cover of *TaxPack*.

TAXPACK 2004 AND *TAXPACK 2004 SUPPLEMENT*

NOTE

From 1 July to 31 October 2004 you can get additional copies from most newsagencies. Copies are also available from our Publications Distribution Service (see the inside back cover of *TaxPack*) and from Tax Office locations all year.

INFORMATION

DO YOU ALSO NEED *TAXPACK 2004 SUPPLEMENT*?

TaxPack is divided into two parts:

- *TaxPack 2004* with the *2004 tax return for individuals*
- *TaxPack 2004 supplement* with the *2004 tax return for individuals* (supplementary section).

The list below shows you the questions in *TaxPack 2004 supplement*. Please check to see if you need to use the supplement to complete your tax return.

TAXPACK 2004 SUPPLEMENT

INCOME

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

DEDUCTIONS

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

TAX OFFSETS

T7 Superannuation contributions on behalf of your spouse
T8 Zone or overseas forces
T9 20% tax offset on net medical expenses over the threshold amount
T10 Parent, spouse's parent or invalid relative
T11 Landcare and water facility
T12 Other tax offsets

ADJUSTMENTS

A3 Amount on which family trust distribution tax has been paid
A4 Amount on which ultimate beneficiary nondisclosure tax was payable

CREDIT FOR INTEREST ON TAX PAID

C1 Credit for interest on early payments— amount of interest

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

> **NOTE**
>
> If you have not received *TaxPack 2004 supplement* and need to use it, from 1 July to 31 October 2004 you can get a copy from most newsagencies. Copies are also available from our Publications Distribution Service (see the inside back cover of *TaxPack*) and from Tax Office locations all year.

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

Some taxpayers may not be aware that question **17 Capital gains** applies to their circumstances. The following information is provided as a general guideline to help you decide if you need to complete question **17**.

Capital gains or capital losses

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

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

Here are examples of other common CGT events:

- An asset you own is lost or destroyed.
- An asset (such as shares you own) is cancelled, surrendered or redeemed—such as under the AMP demerger.
- A liquidator declares that shares you own are worthless.
- You received an amount in respect of a share or trust interest that was not income and was not for the disposal of the share or trust interest (known as a 'return of capital' or 'non-assessable payment').
- You ceased to be a resident.

> **Remember, e-tax can help you decide if you have a capital gain or capital loss. It also has a calculator that may help you work out the amount of any gain or loss you have made. For more information on using e-tax to complete and lodge your tax return electronically see page 5 in *TaxPack 2004* or visit the Tax Office website.**

INFORMATION
IMPORTANT MESSAGES

TaxPack 2004 is a guide designed to help you complete your *2004 tax return for individuals* for the 2003–04 income year—from 1 July 2003 to 30 June 2004. You should have found two copies of the tax return and an envelope for lodgment enclosed with *TaxPack 2004*. If you need more copies of the tax return see page 6.

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

SELF-ASSESSMENT—IT'S YOUR RESPONSIBILITY

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

When you receive your notice of assessment, you may find that we have made some adjustments—for example, you may have made an error adding up your figures.

However, we do not check everything in your tax return before issuing your notice of assessment.

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

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

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

If, after lodging your tax return, you believe you have made a mistake see page 107 to find out what to do.

A SHORTER PERIOD OF REVIEW

You are eligible for a two-year shorter period of review if you are an Australian resident and have simple tax affairs. A shorter period of review will apply to you for the 2003–04 income year if:

- you only received income from salary or wages (other than from associates), pensions, benefits or allowances paid by the Government, interest (from financial institutions and government bodies), and dividends (from resident public listed companies), and
- you were only entitled to deductions for the cost of managing tax affairs, account keeping fees and cash gifts or donations.

You are still eligible for a shorter period of review if you hold a capital gains tax asset and did not dispose of it (resulting in a capital gain or capital loss) in the 2003–04 income year.

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

- a two-year period applies for the Tax Office to review and amend your assessment
- you only need to keep certain tax records for the two-year period (see page 14), and
- you must make any objection or amendment request within the two-year period (see page 110).

We will advise you on your *2004 notice of assessment* that you may qualify for the shorter period of review for 2003–04.

LODGE YOUR TAX RETURN BY 31 OCTOBER 2004

You have from 1 July 2004 to 31 October 2004 to lodge your tax return, unless it is prepared by a registered tax agent. As 31 October 2004 falls on a Sunday, you may lodge your tax return on 1 November 2004 without incurring a penalty.

Don't delay sending your tax return, even if you think you will owe tax. If you lodge your own tax return by 1 November 2004, your tax is payable by the date specified on your notice of assessment. The earliest due date for payment of any 2003–04 personal income tax debt is 22 November 2004.

If you lodge your income tax return late, or not at all, any tax will be payable and general interest charge will be calculated from 22 November 2004. In addition a penalty for failure to lodge on time may be applied (see this information on the next page).

If you cannot lodge by 31 October 2004 due to circumstances beyond your control, contact us as soon as possible—and certainly before 31 October 2004—to find out if you can lodge at a later date. Phone the Personal Tax Infoline (see the inside back cover of *TaxPack*) or send a written request to the address that appeared on your *2004 notice of assessment*, if you have one, or to your nearest tax office (see page 123). Explain why you need to lodge late and suggest another date. We will consider your request and contact you.

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

If you have not received your payment summary or you have lost it, see **YOU NEED TO KNOW** on page 13 for information on late or lost payment summaries.

Family tax benefit

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

- you must lodge your 2004 FTB tax claim by 30 June 2006 AND
- you must lodge your 2004 tax return AND
- your spouse (if you have one) must also lodge their 2004 tax return, if they are required to do so.

For FTB purposes, you will have until 30 June 2006 to lodge your 2004 tax returns. However, the Tax Office may impose a penalty if you lodge your tax return after the due date for tax returns—see **LODGE YOUR TAX RETURN BY 31 OCTOBER 2004** on page 8. If you have not already done so, you have until 30 June 2005 to lodge any 2003 FTB tax claim.

If you and your spouse (if you have one) received FTB, you need to lodge your 2004 tax returns before 1 July 2005—if you do not, the full FTB amount you received in the 2004 income year may be treated as a debt. If you lodge your tax returns after 30 June 2006, you will not be entitled to any top-up that may otherwise have been due to you.

If you or your spouse are not required to lodge a tax return you should advise the Family Assistance Office (FAO) by 30 June 2005.

For more information see pages 67–70.

FAILURE TO LODGE ON TIME PENALTY

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

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

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

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

We are likely to apply the penalty if:

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

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

INFORMATION

WHAT'S NEW THIS YEAR?

COMMONWEALTH OF AUSTRALIA GOVERNMENT PENSIONERS—CLAIMING A TAX OFFSET (INCLUDING NEW QUESTION T3)

If you received any of the Commonwealth of Australia government pensions and allowances shown at question **6**, you need to claim any tax offset that you are entitled to at either question **T2 Senior Australians** tax offset (SATO), or NEW question **T3 Pensioner** tax offset.

First work out at question **T2** if you are eligible for SATO, and if you are, claim it there. **If you are not eligible for SATO**, work through question **T3** to see if you can claim a pensioner offset. We will work out your tax offset entitlement based on the tax offset code and the veteran code (if applicable) that you print on your tax return at whichever of these questions are applicable.

SUPERANNUATION ANNUITY AND PENSION (QUESTION T4—PART A)

From 1 July 2003 Super Co-contribution has replaced the superannuation tax offset for personal superannuation contributions.

Super Co-contribution

If you have total assessable income and reportable fringe benefits of less than $40,000 a year, you may be eligible for the Super Co-contribution.

See pages 84–5 for more information, including eligibility conditions.

The Tax Office will work out if you are eligible for the Super Co-contribution. We will calculate your entitlement and pay it into your superannuation account based on information provided in your tax return and contributions reported for the year of income by your superannuation fund or retirement savings account provider.

INFORMATION

COMPLETING PAGE 1 OF YOUR TAX RETURN

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

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

YOUR TAX FILE NUMBER (TFN)

If you already have a tax file number, it will be on your last notice of assessment or your payment summary from your employer or other payer.

If you do not have a TFN, phone the Personal Tax Infoline to get a *Tax file number application or enquiry* (NAT 1432—7.2004). With your application you will need to provide original, unaltered documents showing proof of your identity. You will find a list of appropriate proof of identity documents on the application.

ARE YOU AN AUSTRALIAN RESIDENT?

The tax rates that apply to your taxable income depend on whether or not you are an Australian resident. A higher rate of tax is applied to a non-resident's taxable income and non-residents are not entitled to a tax-free threshold. See pages 114–5 for more information.

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

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

- you have always lived in Australia or you have come to Australia and live here permanently, or
- you have been in Australia continuously for six months or more and for most of that time you worked in the one job and lived at the same place, or
- you have actually been in Australia for more than half of 2003–04—unless your usual home is overseas and you do not intend to live in Australia.

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

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

If you need help in deciding whether or not you are an Australian resident for tax purposes phone the Personal Tax Infoline (see the inside back cover of *TaxPack*).

Important: If your residency status for tax purposes has changed during 2003–04, you will need to answer question **A2** on pages 103–4. We need this information to work out your tax-free threshold.

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

This may be your last tax return if:

- your annual taxable income in the future will be below the tax-free threshold, $6,000 for 2004–05 OR
- your only source of income in the future will be a Commonwealth of Australia government pension OR
- you become eligible for the Senior Australians tax offset in the income year 2004–05, and your taxable income is below the threshold for lodging a tax return—for eligibility and threshold levels for 2003–04, see page 2—OR
- you are moving overseas permanently.

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

Page 2 in *TaxPack 2004* will tell you if a tax return is required.

If yes, prepare a final tax return for the income year up to the date of death.

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

Certain types of income received after the date of death may need to be shown in a trust tax return. If you have any questions, phone the Personal Tax Infoline (see the inside back cover of *TaxPack*).

ELECTRONIC FUNDS TRANSFER (EFT)

Direct refund

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

If you would like to use EFT, print **X** in the **YES** box on page 1 of your tax return at the question **Do you want to use electronic funds transfer (EFT) this year for your tax refund or family tax benefit payment where applicable?** If you used EFT last year and the bank account details you provided are still correct, there is no need to provide them again.

If you are providing EFT details this year for the first time or you wish to change EFT details provided last year, write the following information on your tax return:

- the bank state branch (BSB) number. This is a six-digit number that identifies the financial institution. The BSB number can be found on an account statement or a cheque form. If you do not know the BSB number, or it has less than six digits or is for a credit union account, check with the financial institution. Do not include spaces, dashes or hyphens in the BSB number
- the account number as shown on the account records. An account statement, cheque book or other document from the financial institution will show this information. You cannot use an account number longer than nine characters. Contact your financial institution if you need to check that an account is suitable for direct refund. Do not include spaces in the account number
- the account name—also called account title—as shown on the account records. Include a space between each word and between any initials in the account name. Do not print the account type—for example, savings, cheque, mortgage offset.

Important: Be careful to provide the correct account details—if you provide another person's account details by mistake, your refund will be sent to that account.

> **NOTE**
>
> If you need any more information on using EFT for direct refund, phone the EFT helpline on **1800 802 308**.

Direct debit

If you have a tax debt, your notice of assessment will show a due date for payment. If you want to pay using EFT direct debit, phone the EFT helpline on **1800 802 308**.

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

INFORMATION

YOU DO NOT HAVE TO PAY TAX ON THIS EXEMPT INCOME

Exempt income is not included in your tax return as income but some questions in *TaxPack* ask you to show your or your spouse's exempt income. The most common types of exempt income you may have received are listed here.

EXEMPT COMMONWEALTH OF AUSTRALIA GOVERNMENT PENSIONS, ALLOWANCES AND PAYMENTS

Pensions

- carer payment where both the carer and either the care receiver or all of the care receivers are under age pension age, or the carer is under age pension age and any of the care receivers has died
- disability support pension paid by Centrelink to a person who has not reached age pension age
- double orphan pension
- invalidity service pension where the veteran is under age pension age
- partner service pension where both the partner and the veteran are under age pension age and the veteran receives an invalidity service pension, or the veteran has died and received an invalidity service pension at the time of death
- Veterans' Affairs disability pension and allowances, war widow's and war widower's pension
- wife pension where both the recipient and partner are under age pension age or the recipient is under age pension age and the partner has died

> **NOTE**
>
> *Superannuation Act 1976* and *Defence Forces Retirement Benefits Act 1948* pensions and payments are taxable. Show them on your tax return at item **7**.
>
> Lump sum bereavement payments received as part of any of the above payments are exempt only up to the tax-free amount. Phone the Personal Tax Infoline (see inside back cover of *TaxPack*) to find out how much of a lump sum bereavement payment is exempt.

Education payments

- supplementary allowances for students paid under the Assistance for Isolated Children Scheme
- allowances for students under 16 years of age including those paid under ABSTUDY, austudy payment, youth allowance, Assistance for Isolated Children Scheme, Commonwealth secondary education assistance and the Veterans' Children Education Scheme
- Australian–American Educational Foundation grant
- Commonwealth scholarships or bursaries provided to foreign students
- Commonwealth secondary assistance other than that already referred to
- pensioner education supplement and fares allowance paid by Centrelink
- some scholarships and bursaries received by full-time students
- language, literacy and numeracy supplement

Other payments

- carer allowance paid under the *Social Security Act 1991*
- child care benefit
- disaster relief payment
- employment entry payment
- family tax benefit
- the one off payment of $600 per child announced in the 2004 Federal budget
- farm household support payments that have been converted to a grant
- Super Co-contributions
- lump sum pension bonus paid under the *Social Security Act 1991* or the *Veterans' Entitlements Act 1986*
- maternity allowance
- maternity immunisation allowance
- mobility allowance paid under the *Social Security Act 1991*
- open employment incentive bonus
- payments from the Commonwealth under the incentives payments scheme relating to certain private health insurance policies
- pharmaceutical allowances paid under the *Social Security Act 1991* or the *Veterans' Entitlements Act 1986*
- remote area allowance
- rent assistance
- telephone allowance paid under the *Social Security Act 1991* or the *Veterans' Entitlements Act 1986*
- Veterans' Affairs loss of earnings allowance

EXEMPT DEFENCE FORCE AND UNITED NATIONS PAYMENTS

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

OTHER EXEMPT PAYMENTS

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

> **NOTE**
>
> For information on the type of payment you received, contact the agency or person that paid you.
>
> If you are unsure if the payment is exempt income, phone the Personal Tax Infoline (see the inside back cover of *TaxPack*).

Income

QUESTION 1

SALARY OR WAGES

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

Include payments for lost salary or wages paid under an accident or insurance policy or worker's compensation scheme from which tax has been withheld.

NO Go to question **2**.

YES Read below.

STOP

Do not show at this question:

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

Otherwise you may be taxed incorrectly.

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

NOTE

- Employers are payers.
- Employees are payees.

WHAT YOU NEED

To complete this question you need your *PAYG payment summary—individual non business* or a letter or signed statement from your payer which shows:

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

YOU NEED TO KNOW

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

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

If you are unable to get these documents from your payer, you will need to complete the *Statutory Declaration for PAYG payment summary—individual non-business and ETP payment summary* (NAT 4135—6.2004) which is available from the Tax Office and attach it to page 3 of your tax return. You will need a separate statutory declaration for each payer from whom you have no documents.

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

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

NOTE

If you lodge your tax return without a payment summary, signed copy, letter or statement from your payer, or statutory declaration, showing the correct details, we may send your tax return back to you to lodge it again with the necessary documents attached.

COMPLETING THIS QUESTION

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

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

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

STEP 4 Write the amount of gross payments shown on each payment summary, signed copy, letter or statement from your payer, or the statutory declaration you have completed, at **C** to **G** item **1** on your tax return. Do not show cents. If the gross payment is exempt from tax or is foreign employment income (including working overseas)—shown at item **19** on your tax return (supplementary section)—show '**0**' as the gross payment.

IMPORTANT

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

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

CHECK THAT YOU HAVE . . .

- ☐ printed on your tax return your occupation
- ☐ printed on your tax return the Australian business numbers or withholding payer numbers of your payers
- ☐ written on your tax return the amounts of tax withheld
- ☐ written on your tax return the amounts of gross payments
- ☐ attached to page 3 of your tax return your 'Payee's Tax Return Copy' of all your payment summaries, signed copies, letters or statements from your payers, or the statutory declarations you have completed
- ☐ kept a copy of your payment summaries, signed copies, letters or statements from your payers, or the statutory declarations you have completed. You need to keep these records:
  - for five years after the end of the income year, or
  - if you are subject to a shorter period of review (see page 8)
    - for two years after the due date for payment if you had a taxable notice of assessment, or
    - for two years from the 30th day after you received your notice advising you that no tax is payable.

Tax Help—serving the community

ARE YOU ON A LOW INCOME?

FREE HELP WITH YOUR TAX RETURN

If you want to complete your own tax return, application for a refund of franking credits (formerly called 'imputation credits') or baby bonus claim—and you are a low income earner—but think you may need some assistance, then Tax Help may be the answer. Our network of community volunteers are trained and supported by the Tax Office to help you.

Tax Help is a free and confidential service. Many low income earners who use Tax Help are seniors, people from non-English speaking backgrounds, people with a disability, Aboriginal people, Torres Strait Islander people, and students.

Volunteers can explain your tax obligations and help you prepare your tax return accurately. They can help people with income from Australian and overseas pensions, salary or wages, interest, dividends and government allowances and benefits. Volunteers cannot help with your more complex tax affairs such as business income.

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

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

QUESTION 2

ALLOWANCES, EARNINGS, TIPS, DIRECTOR'S FEES ETC.

Did you receive any income from working—whether or not it is shown on a *PAYG payment summary—individual non business*—such as:

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

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

NO Go to question **3**.

YES Read below.

STOP

Do not show at this question:

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

Otherwise you may be taxed incorrectly.

Other questions deal with these matters.

Refer to the relevant topics in the Index.

NOTE

- Employers are payers.
- Employees are payees.

WHAT YOU NEED

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

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

YOU NEED TO KNOW

Allowances and earnings from your payer may include:

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

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

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

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

Deductions

You cannot automatically claim a deduction just because you got an allowance. Carefully read the Deductions section that starts on page 35.

COMPLETING THIS QUESTION

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

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

STEP 2 Add up all your allowances, earnings and other salary and wage income. Do not include amounts listed in the stop box on page 15.

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

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

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

CHECK THAT YOU HAVE . . .

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

QUESTION 3

LUMP SUM PAYMENTS

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

NO ☐ Go to question **4**.

YES ☐ Read below.

STOP

Do not show at this question

- approved early retirement scheme payments and bona fide redundancy payments shown as lump sum **D** on your payment summary. These amounts are often paid at the same time as an eligible termination payment (ETP). Lump sum **D** amounts are not taxed and are not shown as income at any question on your tax return. If you received an ETP, you should complete question **4 Eligible termination payments**, or
- lump sum payments in arrears shown as lump sum **E** on your payment summary. These amounts are dealt with at question **22 Other income** (*TaxPack 2004 supplement*).

WHAT YOU NEED

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

What are the amounts at A and B?

The amount at **A** was paid to you:

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

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

COMPLETING THIS QUESTION

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

STEP 1 Add up the amounts of tax withheld on all your payment summaries, signed copies, letters or statements from your payers. Do not include any amounts already included at question **1** or **2**. Write the total at the left of **R** item **3** on your tax return. Do not show cents.

STEP 2 Add up the amounts at **A** on all your payment summaries, signed copies, letters or statements from your payers. Write the total at **R** item **3** on your tax return. Do not show cents.

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

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

STEP 1 Add up the amounts of tax withheld on all your payment summaries, signed copies, letters or statements from your payers. Do not include any amounts already included at question **1** or **2** or at step 1 above. Write the total at the left of **H** item **3** on your tax return. Do not show cents.

STEP 2 Add up the amounts at **B** on all your payment summaries, signed copies, letters or statements from your payers. Then divide by 20 to work out 5% of the amount.

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

CHECK THAT YOU HAVE . . .

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

QUESTION 4
ELIGIBLE TERMINATION PAYMENTS

Did you receive an eligible termination payment (ETP)?

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

If you have received a lump sum on termination of foreign employment or from a non-resident superannuation fund, you need to read question **19** in *TaxPack 2004 supplement*.

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

NO Go to question **5**.

YES Read below.

YOU NEED TO KNOW

An ETP is:

- a lump sum paid to you by your employer when you retired or ceased employment, such as:
  - a payment in lieu of notice or a 'golden handshake'
  - a payment for unused sick leave or unused rostered days off
  - compensation for loss of a job or wrongful dismissal
  - a bona fide redundancy payment or an approved early retirement scheme payment that exceeded the tax-free threshold for such payments—currently $5,882 plus $2,941 for each complete year of service
  - a payment received because of invalidity
- a lump sum payment from a superannuation fund, an approved deposit fund, retirement savings account or a life assurance company, such as:
  - payments received when you changed your superannuation pension or annuity into a lump sum
  - payments received when you made a withdrawal from an approved deposit fund
  - other payments, excluding a pension or annuity or a departing Australia superannuation payment, from a superannuation fund
- a similar payment to those above, paid to you as the beneficiary of a person who has died—we call this a death benefit ETP. However, if the payments were made to you as the trustee of a deceased estate they must be shown in a trust tax return, not in your tax return for individuals
- a payment from the Tax Office of amounts collected from an employer under the Superannuation Guarantee; or paid to the Superannuation Holding Accounts Reserve, or
- proceeds from the sale of an active asset of a small business which would otherwise give rise to an assessable capital gain—but which is exempt from capital gains tax (CGT) because you have chosen the small business retirement exemption—called the CGT exempt component.

If you are still unsure whether the payment you received is an ETP, visit the Tax Office website at **www.ato.gov.au/super** or phone the Superannuation Infoline on **13 10 20** for assistance.

> **NOTE**
> If you entered Australia on a temporary resident's visa and have permanently departed Australia you may have received a **departing Australia superannuation payment** from your superannuation fund. These payments are not ETPs and do not form part of your assessable income.

What if your ETP was 'rolled over'?

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

> **NOTE**
> You can find more information in the publications *Eligible termination payments: an employee's guide to lump sum payments from your employer* (NAT 2700—7.2004) and *Eligible termination payments: an individual's guide to lump sum superannuation payments* (NAT 2701—7.2004). These publications are available on the Tax Office website at **www.ato.gov.au** Or to find out how to get a printed copy, see the inside back cover of *TaxPack*.

WHAT YOU NEED

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

Your reasonable benefit limit (RBL) is the maximum amount of retirement and other employment termination benefits you can receive that are taxed at concessional (reduced) rates. In most cases, the payer of the ETP will have reported the payment to the Tax Office, and we will work out whether your benefit is within your RBL. We will send you an RBL determination only if some or all of your benefits were above your RBL. We will work out the excessive component and adjust the other components of your eligible termination payment (ETP). These will also be shown on your reasonable benefit limit (RBL) determination. You then use the information on the RBL determination instead of the related ETP payment summary.

If you are unsure whether you need a RBL determination or if you have any enquiries regarding your RBL, visit the Tax Office website at **www.ato.gov.au/super**, or phone the Superannuation Infoline on **13 10 20**. You can also write to: RBL Section, PO Box 277, WTC, VIC 8005.

Working out the assessable amount

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

If you lodge your tax return with ETP income at item **4** but without any ETP payment summary, signed copy, letter or statement from your payer, we will send the tax return back to you and ask you to lodge it again with the document attached.

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

PART A Did you roll over all of an ETP?

NO Go to part B.

YES Read below.

Your tax on this ETP will be deferred and you do not need to work out its assessable amount for 2003–04. If you have no other ETPs go to question **5**.

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

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

NO Go to part C.

YES Read below.

Low rate threshold

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

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

Once the limit has been used up, it cannot be used again in future years, though you may use any extra amounts added for annual indexation. If you exceed this limit you will pay tax on the amount in excess of the threshold at the rates set out in the table on page 21.

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

LOW RATE THRESHOLDS

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

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

NO Go to **COMPLETING THIS QUESTION** on the next page.

YES Read below.

YOU NEED TO KNOW

You cannot roll over a death benefit ETP.

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

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

How death benefit ETPs are taxed

Payments made direct to a person other than as a trustee are taxed in different ways depending on whether the person was a dependant of the deceased and whether the payment was more than the deceased person's RBL.

Dependant of the deceased

A dependant of the deceased is a person who, at the time of death or the time the payment was made, was:

- a surviving spouse or de facto spouse
- a former spouse
- a child of the deceased who was under 18 years, or
- a person financially dependent on the deceased.

Visit the Tax Office website at **www.ato.gov.au/super** or phone the Superannuation Infoline on **13 10 20** if you need to know what 'financially dependent' means.

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

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

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

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

In both cases, the Medicare levy will apply.

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

COMPLETING THIS QUESTION

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

If you have an ETP payment summary with a non-qualifying amount, phone the Superannuation Infoline on **13 10 20** before completing this question.

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

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

STEP 2 Write the total amount of tax withheld from all of your ETPs in the tax withheld column at item **4** on your tax return. Do not show cents. You will find this amount on your ETP payment summary. If an RBL determination was issued in respect of an ETP payment summary that shows tax withheld, you should also include these amounts.

However, if you have already included these withheld amounts at item **1** or **3** on your tax return, do not include them again here.

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

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

CHECK THAT YOU HAVE . . .

- ☐ written on your tax return the amount of all tax withheld
- ☐ written on your tax return the total assessable amount of your ETPs and any excessive component
- ☐ attached to page 3 of your tax return your 'Payee's Tax Return Copy' of any ETP payment summaries, letters or statements from your employer and any RBL determinations from the Tax Office
- ☐ kept a copy of your ETP payment summaries, signed copies, letters or statements from your employer. You need to keep these records for five years after the end of the income year.

HOW YOUR TAX IS WORKED OUT

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

Concessional component and pre-July 1983 component—5% of these components is included in your assessable income and taxed at your usual rate.

Post-June 1983 component—may be either a 'taxed element' or an 'untaxed element'. Some payments will have both elements present. 'Taxed element' means that the payer—

usually a superannuation fund—has paid a contributions tax on this element. 'Untaxed element' means that the payment has not been subject to contributions tax. For this reason, the elements are taxed differently as shown in the table below.

TAX RATES ON POST-JUNE 1983 ELEMENTS

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

Age when received	Taxed element	Untaxed element
Under age 55	20%	30%
Age 55 or over		
– up to $117,576	0%	15%
– excess over $117,576	15%	30%

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

The post-June 1983 component is initially included in your tax return as assessable income. You are then given a tax offset to ensure that the correct tax rates are applied. This may affect your entitlement to other tax offsets—for example, age pension and low income tax offsets.

Excessive component—the amount, if any, by which your ETP benefits have exceeded your reasonable benefit limit (RBL). In 2003–04, the lump sum RBL is $588,056 and the pension RBL is $1,176,106. You **may** be entitled to the pension RBL if you take more than half of:

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

in the form of pensions or annuities that meet the pension RBL standards. **These are general rules only**. For further information see the publication *Reasonable benefit limits—which RBL will apply?* (NAT 6199). This electronic publication is available on the Tax Office website at **www.ato.gov.au/super**

Changing the components of your ETP

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

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

Your superannuation fund can tell you if you meet any of these conditions. If you think you are entitled to have the components of your ETP changed, phone the Superannuation Infoline on **13 10 20** for assistance.

Rolling over your ETP and 'contributions tax'

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

NOTE

Any contributions tax required is paid by the superannuation fund.

TERMINATION PAYMENTS SURCHARGE

A termination payments surcharge will be payable if:

- your ETP was paid to you by your employer AND
- your adjusted taxable income (as calculated for surcharge purposes) exceeds $94,691.

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

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

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

NOTE

You can also find more information in the electronic publications *Superannuation contributions surcharge on employer termination payment rolled-over* (NAT 5030) and *Termination payments surcharge on employer termination payments taken in cash* (NAT 5031), in addition to *Termination payments surcharge* (NAT 2770—4.2004). All these publications are available on the Tax Office website at **www.ato.gov.au/super** Or to find out how to get a printed copy of *Termination payments surcharge*, see the inside back cover of *TaxPack*.

QUESTION 5

5 COMMONWEALTH OF AUSTRALIA GOVERNMENT ALLOWANCES AND PAYMENTS

Did you receive:

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

Show your income from these payments here unless your payment was exempt. Check page 12 if you are not sure.

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

NO Go to question **6**.

YES Read below.

WHAT YOU NEED

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

If you have not received these, or you have lost them, contact the agency that paid you.

COMPLETING THIS QUESTION

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

STEP 2 Add up all the taxable amounts you received. Write the total amount at **A** item **5**. Do not show cents. Attach your letter and/or your 'Payee's Tax Return Copy' of your payment summary to page 3 of your tax return.

You may be entitled to a tax offset on this income

If you received one or more of the payments listed at this question, you may be entitled to a beneficiary tax offset. You do not have to work out your tax offset. We work it out for you from the income you show at **A** item **5**. If you want to work it out before you receive your notice of assessment, you can use the table on page 116.

QUESTION 6

COMMONWEALTH OF AUSTRALIA GOVERNMENT PENSIONS AND ALLOWANCES

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

- **age pension**
- **bereavement allowance**
- **carer payment**
- **disability support pension and you have reached age pension age**
- **parenting payment (single)**
- **widow B pension**
- **wife pension**
- **age service pension**
- **income support supplement**
- **invalidity service pension and you have reached age pension age**
- **partner service pension?**

Show your income from these payments here. Some of these payments may be exempt depending on your circumstances—check page 12 to find out.

NO Go to question **7**.

YES Read below.

STOP

Do not show at this question:

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

Otherwise you may be taxed incorrectly.

Other questions deal with these matters. Exempt payments are listed on page 12.

Refer to the relevant topics in the Index.

WHAT YOU NEED

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

If you have not received these, or you have lost them, contact the agency that paid you.

COMPLETING THIS QUESTION

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

STEP 2 Add up all the income you received. Write the total amount at **B** item **6** on page 2 of your tax return. Do not show cents. Read on.

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

IMPORTANT

You may be entitled to a tax offset on this income.

Tax offsets reduce the amount of tax you have to pay.

You will need to work through question **T2 Senior Australians** tax offset or **T3 pensioner** tax offset to see if you are entitled to a tax offset. We work out your tax offset entitlement based on the tax offset code and veteran code (if applicable) that you print on your tax return at these questions.

If you do not print the correct code letter(s) on your tax return, you may not receive your correct entitlement.

QUESTION 7

OTHER AUSTRALIAN PENSIONS OR ANNUITIES

Did you receive any income from an Australian:

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

Do not show foreign pensions or foreign annuities at this question. These amounts are dealt with at question **19 Foreign source income and foreign assets or property** in *TaxPack 2004 supplement*.

NO	Go to question **8**.
YES	Read below.

YOU NEED TO KNOW

Australian annuities and pensions include:

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

NOTE

Superannuation funds and retirement savings account (RSA) providers can use tax file numbers (TFNs) to keep track of superannuation benefits. If you have not given your TFN to your fund or RSA provider, a greater rate of tax may be withheld from your benefit. You can phone or write to your fund or RSA provider and quote your TFN.

WHAT YOU NEED

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

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

COMPLETING THIS QUESTION

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

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

STEP 3 Add up all the gross amounts shown on your payment summaries and statements and write the total amount at **J** item **7**. Do not show cents. Attach all statements and/or your 'Payee's Tax Return Copy' of all payment summaries to page 3 of your tax return.

TIP

Read the paragraphs below this note. They contain important information.

Undeducted purchase price

If your annuity or pension has an undeducted purchase price, you may be able to claim the deductible amount of your undeducted purchase price at question **D9** on pages 58–9.

Senior Australians tax offset

You may be entitled to a Senior Australians tax offset. Read question **T2** on pages 80–1 to find out more about this tax offset.

Superannuation tax offset

You may be entitled to a tax offset for your annuity or pension. Read question **T4** on pages 84–6 to find out more about this tax offset.

QUESTION 8

ATTRIBUTED PERSONAL SERVICES INCOME

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

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

Where you have provided personal services for reward, and the payment for your services was made to you as a sole trader, your answer to this question is **NO**. In that case you must answer question **13** in *TaxPack 2004 supplement* and complete item **P1** in the *2004 business and professional items schedule for individuals* (NAT 2816—6.2004). These publications are available on the Tax Office website at **www.ato.gov.au** Or to find out how to get a printed copy, see the inside back cover of *TaxPack*.

STOP

Do not show at this question:
amounts shown on a *PAYG payment summary—individual non business*. You should have already shown these amounts at question **1 Salary or wages** or, if no tax has been withheld, question **2 Allowances, earnings, tips, director's fees etc.**

NO Go to **TOTAL TAX WITHHELD**.

YES Read below.

WHAT YOU NEED

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

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

YOU NEED TO KNOW

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

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

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

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

An explanation of the attribution of personal services income rules can be found in *Taxation Ruling TR 2003/6: Attribution of personal services income*.

Where the personal services entity has a net personal services income loss relating to your personal services income there is no amount attributed to you. You are entitled to a deduction for the loss and you must answer question **D15** in *TaxPack 2004 supplement*.

If you need help in relation to these rules phone the Business Infoline on **13 28 66** or visit the Tax Office website.

COMPLETING THIS QUESTION

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

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

CHECK THAT YOU HAVE . . .

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

TOTAL TAX WITHHELD

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

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

Tax offsets and your tax withheld

If your tax offset or family tax benefit entitlements have changed since you last filled in a *Withholding declaration* (NAT 3093—7.2004) authorising your payer to vary the amount of tax withheld, you may need to fill in a new declaration. If your family tax benefit entitlements have changed, you will also need to complete the *Withholding declaration family tax benefit (FTB) worksheet* (NAT 7089—7.2004). Contact your payer for more information. Failure to fill in a new declaration may result in a tax debt. Pages 71–91 tell you about tax offsets. For more information about family tax benefit, see pages 67–70.

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

If you have an accumulated Higher Education Contribution Scheme (HECS) debt, and/or an accumulated Student Financial Supplement Scheme debt, the additional tax withheld from your pay forms part of your normal tax withheld—shown on your payment summary—and is therefore already included in the total amount you show at **$ TOTAL TAX WITHHELD** on your tax return. Page 113 shows you how we work out your tax.

NOTE

Pay as you go (PAYG) instalment payments

If you were required to pay instalments of tax under the PAYG instalments system towards your end-of-year income tax liability, you do not need to show them anywhere on your tax return. Your PAYG instalments will be automatically credited to your income tax assessment by the Tax Office to determine whether you are entitled to a refund of tax paid, or required to pay an additional amount of tax.

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

QUESTION 9

TOTAL REPORTABLE FRINGE BENEFITS AMOUNTS

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

NO Go to question **10**.

YES Read below.

WHAT YOU NEED

- your *PAYG payment summary—individual non business*

NOTE

You can also find more information in the fact sheets *Reportable fringe benefits—facts for employees* (NAT 2836—4.2003) and *Reportable fringe benefits—impacts on income tests for employees 2003–2004* (NAT 3031—4.2004).

These publications are available on the Tax Office website at **www.ato.gov.au** Or to find out how to get a printed copy, see the inside back cover of *TaxPack*.

YOU NEED TO KNOW

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

Your employer has to keep records of the value of any fringe benefits given to you and/or your associate, but only needs to show the fringe benefits on your payment summary if their taxable value exceeds $1,000 in the fringe benefits tax year 1 April 2003 to 31 March 2004.

However, your employer has to gross-up the taxable value of the fringe benefits for reporting purposes to ensure their value is consistent with other forms of income on your payment summary. As you do not pay income tax on fringe benefits, the grossed-up taxable value of a benefit reflects the gross salary that would have to be earned to purchase the benefit from after tax dollars. The highest marginal rate of income tax plus Medicare levy is used, so that a fringe benefit having a taxable value of $1,001 becomes a reportable fringe benefits amount of $1,943.

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

The total reportable fringe benefits amounts you show on your tax return are not included in your total income or loss amount and you do not pay income tax or Medicare levy on them.

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

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

COMPLETING THIS QUESTION

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

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

QUESTION 10

GROSS INTEREST

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

STOP

Do not show at this question:

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

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

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

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

NO Go to question **11**.

YES Read below.

Children's accounts

If you open or operate an account for a child and the funds in that account belong to you, or you spend or use the funds in the account as if they belong to you, you must include any interest from the account at this question. *Taxation Ruling IT 2486—Children's savings accounts* has more detail. This publication is available on the Tax Office website at **www.ato.gov.au** Or to find out how to get a printed copy, see the inside back cover of *TaxPack*.

Non-residents

Withholding tax paid by non-residents is a final tax. If you were not an Australian resident for tax purposes for all, or part of the year, (see page 10), do not include interest at this question if withholding tax was (or should have been) deducted from the interest by your financial institution or the Tax Office. If you have not paid withholding tax on any interest you received, or were credited with during the period you were a non-resident, you should attach a schedule showing details of that interest. On a separate piece of paper, print SCHEDULE OF ADDITIONAL INFORMATION—QUESTION 10 showing amounts of interest you received during any period(s) you were a non-resident, from which no withholding tax was deducted. Print **X** in the **YES** box at *Taxpayer's declaration* question 2a on page 8 of your return. Sign and attach your schedule to page 3 of your tax return.

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

WHAT YOU NEED

- your statement, passbook or other documentation from your financial institution or other source that shows 2003–04 income
- any Tax Office notice of assessment or amended assessment you received during 2003–04 that shows interest on early payments or interest on overpayments.

COMPLETING THIS QUESTION

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

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

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

NOTE

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

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

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

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

QUESTION 11

DIVIDENDS

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

STOP

Do not show at this question:

- dividend distributions from other partnerships or trusts—including a cash management trust, money market trust, mortgage trust, unit trust or managed fund such as a property trust, share trust, equity trust, growth trust, imputation trust, balanced trust or similar trust investment product (see question **12**)
- dividends from foreign companies (see question **19**)
- that part of a dividend or distribution on which family trust distribution tax has been paid (see question **A3**).

These questions are in *TaxPack 2004 supplement*.

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

If you carried on the business of trading in shares, include any dividend income and franking credit (formerly called 'imputation credit') at this question; if you have a profit or loss on the sale of shares, read question **14** in *TaxPack 2004 supplement.*

If you sold shares during the year and you did not carry on a business of trading in shares, you must read question **17** in *TaxPack 2004 supplement* to see if you need to show a capital gain or loss.

If you have received a dividend that has Australian franking credits attached from a New Zealand company, you may be eligible to claim the Australian franking credits. However, do not show any dividends from a New Zealand company at this label. Refer to further instructions in the publication *Trans-Tasman imputation: How to claim Australian franking credits attached to New Zealand dividends* (NAT 10851—6.2004). This publication is available on the Tax Office website **www.ato.gov.au** Or to find out how to get a printed copy, see the inside back cover of *TaxPack*.

NO Go to **INCOME FROM THE SUPPLEMENTARY SECTION** on page 33.

YES Read below.

YOU NEED TO KNOW

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

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

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

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

EXAMPLE

Jessica received a dividend statement notifying her of a final dividend for the year ended 30 June 2003. The payment date shown on the dividend statement was 30 September 2003. Jessica must include the amount of the dividend as well as any franking credits as part of her assessable income for the year ended 30 June 2004—on her 2003–04 tax return.

Dividends paid under a demerger are generally not assessable dividends. Do not show demerger dividends at this question unless you are advised by the company that they are assessable. You can find out more about demergers in the publication *You and your shares* (NAT 2632—6.2004). This publication is available on the Tax Office website **www.ato.gov.au** Or to find out how to get a printed copy, see the inside back cover of *TaxPack*.

DON'T LEAVE IT TOO LATE!

Did you:

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

If YES, start keeping or updating your records now. Incomplete records could mean paying more tax when you dispose of your shares. For further information about shares and other assets that attract capital gains tax and the records you need to keep, see the publication *Guide to capital gains tax* (NAT 4151—6.2004). This publication is available on the Tax Office website at **www.ato.gov.au** Or to find out how to get a printed copy, see the inside back cover of *TaxPack*.

Payments, benefits and loans to be treated as dividends—deemed dividends

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

Deemed dividends must be combined with any unfranked dividends you received and be included in your assessable income at **S** item **11** on your tax return. For more information, read the publication *You and your shares.*

Returns on non-share equity interests

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

Non-residents

Withholding tax paid by non-residents is a final tax. If you were not an Australian resident for tax purposes for all or part of the year (see page 10), do not include dividend income paid or credited to you during that period at this question if:

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

If your dividends were not fully franked during the period you were a non–resident, and you have not paid withholding tax on your dividends, you should attach a separate schedule showing details of those dividends. On a separate piece of paper, print SCHEDULE OF ADDITIONAL INFORMATION—QUESTION 11 showing any dividends that were not fully franked that you received during any period(s) you were a non-resident, and you have not paid withholding tax on. 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. The Tax Office will work out the amount of withholding tax you have to pay on these dividends, and advise you of this amount.

IMPUTATION SYSTEM

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

An amount equal to the franking credits attached to the dividends is included in the assessable income of the shareholder, who is then entitled to a franking tax offset equal to the amount included in their income.

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

If any excess tax offset amount is left over after that, the Tax Office will refund that amount to the shareholder.

> **NOTE**
>
> If you have a franking credit but would otherwise not have to lodge a tax return, see the note relating to franking credits on page 3 in *TaxPack*. You may be able to use a shorter form included in the publication *Refund of franking credits instructions and application for individuals* (NAT 4105—6.2004) to claim your franking credit.

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

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

Franking credit trading—qualified persons

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

The holding period rule could affect you if you have bought shares on or after 1 July 1997 and sold the shares or entered into a risk diminution arrangement, such as a derivative transaction, within 45 days—90 days for certain preference shares—of buying your shares. The related payments rule could affect you if you were under an obligation to make a related payment with respect to a dividend under an arrangement entered into after 7.30pm on 13 May 1997 and you did not hold your shares 'at risk' during a specified qualifying period.

If you have failed 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 imposes a maximum franking tax offset ceiling of $5,000 on all of your franking tax offset entitlements in a given year, whether received directly, or indirectly through a trust or partnership.

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

Unfranked dividends

Unfranked dividends are paid by an Australian resident company that has not already paid Australian company tax. If the dividend is unfranked, you are not entitled to a franking tax offset. The unfranked dividend is taxed in the same way as your other income and must be included in your assessable income at **S** item **11** on your tax return.

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

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

Franked dividends

If you received a franked dividend from a resident company you must include the dividend amount in your assessable income at **T** item **11**. Franked dividends can be either fully franked, meaning that the whole amount of the dividend carries franking credits, or partly franked, meaning that only part of the amount of the dividend carries franking credits.

Franking credit

You must also include any franking credit in your assessable income at **franking credit** **U** item **11** on your tax return, so the correct amount of tax and Medicare levy can be calculated. Do not include any franking credit for which you do not qualify for a franking tax offset because of the application of the holding period rule or the related payments rule or a breach of the small shareholder exemption (the franking credit trading measures described on pages 30–1).

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

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

WHAT YOU NEED

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

These should show:

- the amounts of unfranked and franked dividends you received
- the amounts of franking credit—which the company has already worked out and allocated to the dividend or distribution
- the TFN amounts withheld from unfranked dividends.

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

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

COMPLETING THIS QUESTION

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

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

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

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

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

EXAMPLE OF HOW TO SHOW UNFRANKED AND FRANKED DIVIDENDS

In the following example, the franking credits attached to dividends are from dividends franked at the company tax rate of 30 cents. Dividends can also be partly franked or unfranked. Your statement from the company, corporate unit trust, public trading trust or limited partnership will show the amount to which your dividends have been franked.

a) Poh Lee received dividends from Coals Tyre Ltd. Fully franked dividends of $70 and a $30 franking credit were shown on her dividend statement.

b) Poh Lee was entitled to receive an unfranked dividend of $100 from Telsbra Ltd and she did not quote her tax file number (TFN). Her statement showed a TFN amount of $48.50 was withheld and she was paid a net amount of $51.50 as an unfranked dividend. The unfranked amount to be shown on her tax return was $100—$51.50 plus $48.50.

c) Poh Lee received dividends from JT Corporate Unit Trust. $50 in unfranked dividends, $70 in franked dividends and a $30 franking credit was shown on her dividend statement.

d) Poh Lee was entitled to receive a dividend of $240 from SYF Pty Ltd and she did not quote her TFN. $100 was unfranked and $140 was fully franked. Her statement from the company showed a TFN amount of $48.50 was withheld from the unfranked dividend and a net amount of $51.50 was paid to her. The unfranked amount to be shown on her tax return was $100—$51.50 plus the TFN amount withheld of $48.50. She was also entitled to a franked dividend of $140 and a franking credit of $60. No TFN amount was withheld from franked dividends.

Company or trust	Unfranked amount *	Franked amount	Franking credit	TFN amounts withheld from dividends
a) Coals Tyre Ltd	$0.00	$70.00	$30.00	$0.00
b) Telsbra Ltd	$100.00	$0.00	$0.00	$48.50
c) JT CU Trust	$50.00	$70.00	$30.00	$0.00
d) SYF Pty Ltd	$100.00	$140.00	$60.00	$48.50
Total	S $250.~~00~~	T $280.~~00~~	U $120.~~00~~	V $97.00

* Unfranked amount includes both the amount received or credited and the TFN amount withheld. For additional examples, refer to the publication *You and your shares*.

CHECK THAT YOU HAVE . . .

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

INCOME FROM THE SUPPLEMENTARY SECTION

CAUTION

Read this question carefully—you may need to use *TaxPack 2004 supplement*.

Did you derive any of the following types of income?

- a specified payment including payment for tutorial services provided for the Aboriginal Tutorial Assistance Scheme of the Department of Education, Science and Training, payment for translation and interpretation services for the Translating and Interpreting Service of the Department of Immigration and Multicultural and Indigenous Affairs and income as a performing artist in a promotional activity
- attributed foreign income
- bonuses from life insurance companies and friendly societies
- capital gain or loss—for example, on disposal of assets
- deferred non-commercial business losses
- foreign entity distribution
- foreign source income—including foreign pensions and foreign employment income—and foreign assets or property
- income as an independent contractor under a labour hire arrangement
- income from activities as a special professional—author of a literary, dramatic, musical or artistic work, an inventor, a performing artist, a production associate or an active sportsperson
- income from which an amount was withheld because you did not quote your Australian business number
- income or loss from business (including if you are self-employed)
- income under a pay as you go (PAYG) voluntary agreement
- income you earned as a non-employee taxi driver—for example, a driver operating under a standard bailment agreement with an owner/operator
- net farm management deposits or withdrawals
- other income not shown at items **1** to **11**, including:
  - a non-qualifying component of an eligible termination payment
  - allowances or payments you received as a member of a local government council that you have not already shown at item **1** or **2**
  - any assessable balancing adjustment from the disposal, loss or destruction of any depreciating asset, including your car, for which you have claimed a deduction for decline in value
  - benefits or prizes from investment-related lotteries
  - bonus amounts distributed from friendly society income bonds
  - discounts on shares or rights from an employee share scheme
  - foreign exchange gains
  - gains from the disposal of traditional securities
  - interest from the land transport facilities tax offset scheme or infrastructure borrowings
  - lump sum payments in arrears
  - payouts from sickness and accident insurance policies—other than those shown on your payment summary
  - reimbursements of tax-related expenses or election expenses which you have claimed as a deduction
  - royalties
  - taxable scholarships, bursaries, grants or other educational awards
- partnership and trust distributions
- personal services income, or
- rent.

NO Go to **TOTAL INCOME OR LOSS** on page 34.

YES You must complete the *2004 tax return for individuals* (supplementary section). Read below.

If you have personal services income, net income or loss from business or deferred non-commercial business losses you will need to read the publication *Business and professional items* (NAT 2543—6.2004) and complete the *2004 business and professional items schedule for individuals* and attach it to page 3 of your tax return.

NOTE

The supplementary section of the tax return is located in the back of *TaxPack 2004 supplement*. If you don't already have a copy of *TaxPack 2004 supplement*, from 1 July to 31 October 2004 you can get a copy from most newsagencies. Copies are also available from our Publications Distribution Service (see the inside back cover of *TaxPack*) and from Tax Office locations all year.

COMPLETING THIS ITEM

STEP 1 Complete the details at the top of page 9 on your tax return (supplementary section). Use *TaxPack 2004 supplement* to complete the Income section.

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

TOTAL INCOME OR LOSS

You have now reached the end of the Income section.

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

- The more common types of **exempt income** are listed at page 12 in *TaxPack 2004*. **Generally your exempt income is not included in your tax return**.
- You must have shown all of your income for tax purposes—the *Taxpayer's declaration* on page 8 of your tax return will require you to sign that this is true. Pages 13–33 in *TaxPack 2004* give you the information you need to show the right amounts. If you still have income that you have not put at any item and it is not exempt income, you will need to go back through the Income section and include it.

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

Our audit activities include checking the income details you provide on your tax return with other sources—for example, your employer, your bank or the Commonwealth of Australia government agency that pays your pension, allowance or payment.

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

Remember that you have until 31 October 2004 to lodge your tax return. However, as 31 October 2004 falls on a Sunday, you may lodge your tax return on 1 November 2004 without incurring a penalty. You should not lodge your tax return if it is incomplete. If you think you will still be missing information on 1 November, ask the Tax Office if you can lodge at a later date. Page 8 in *TaxPack 2004* tells you how.

COMPLETING THIS QUESTION

STEP 1 Add up all the income amounts in the right-hand column of items **1** to **11** and **I** on your tax return.

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

STEP 3 Write your answer from step 2 at **TOTAL INCOME OR LOSS** on your tax return. Do not show cents.

If you made an overall loss, print **L** in the **LOSS** box at the right of **TOTAL INCOME OR LOSS**.

Deductions

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

You can claim deductions for work-related expenses you incurred while performing your job. Generally, a work-related expense is incurred when you have spent the money or paid by cheque or credit card. In some cases, you will have incurred a work-related expense when you received a bill or invoice for the expense which you are liable for and must pay. Refer to *Taxation Ruling TR 97/7—Meaning of 'incurred'* for more information. This publication is available on the Tax Office website at **www.ato.gov.au** Or to find out how to get a printed copy, see the inside back cover of *TaxPack*.

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

> **NOTE**
>
> If you are in business and have elected to enter the simplified tax system (STS), you can only claim most work-related expenses when you have paid them. Refer to *The simplified tax system: a guide for tax agents and small businesses* (NAT 6459—5.2004) for details.

Basic rules to consider before you decide to make a claim:

- You must have incurred the expense in 2003–04.
- You cannot claim an expense which has been or will be reimbursed to you by your employer or any other person.
- You must have incurred the expense in the course of earning your assessable income and it must not be private, domestic or capital in nature. For example, the costs of normal travel to and from work or buying lunch each day are private. If you incurred an expense that was both work-related and private or domestic, you can only claim a deduction for the work-related portion of the expense.
- If you incurred an expense for services paid in advance, read **Advance expenditure** on this page to decide what part of the expense is allowable in 2003–04.
- You must be able to substantiate your claims with written evidence if the total claimed for expenses, not including claims for car, meal allowance, award transport payments allowance and travel allowance expenses, is greater than $300 (see **Written evidence rule—records you need to keep for claims of more than $300** on this page).
- If the total claimed is $300 or less—you need to be able to show how you worked out your claims—but you do not need written evidence.

> **NOTE**
>
> If your income comes from carrying on a business, claim your business expenses in the *2004 business and professional items* (NAT 2543—6.2004). See questions **13 Personal services income (PSI)** and **14 Net income or loss from business** in *TaxPack 2004 supplement*.

Advance expenditure

You must follow the apportionment rules for advance expenditure if you prepay for a service costing $1,000 or more and the service extends for a period of more than 12 months or beyond 30 June 2005. Under these rules you may be entitled to claim only part of the expenditure this year and the remainder in future tax returns. If you incurred expenditure in a prior income year that has been apportioned under the advance expenditure rules and the prepaid service extended into the 2003–04 income year, you may claim the relevant portion of the expenditure in 2003–04. If you need to know more, refer to the publication *Deductions for prepaid expenses* (NAT 4170—6.2004). This publication is available on the Tax Office website. Or to find out how to get a printed copy, see the inside back cover of *TaxPack*.

Allowances

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

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

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

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

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

What is written evidence?

Written evidence can be:

- a document from the supplier of the goods or services, showing:
  - the name of the supplier
  - the amount of the expense
  - the nature of the goods or services—if not shown, you may write this on the document before you lodge your tax return
  - the date the expense was incurred
  - the date of the document

  If the document does not show the payment date, you can use independent evidence to show the date the expense was incurred, such as a bank statement. A document from the supplier of the goods or services must be in English unless the expense was incurred outside Australia.

- your *PAYG payment summary—individual non business*—for example, it may show your total union fees
- evidence you have recorded yourself:
  - for expenses of $10 each or less and the total of these expenses is $200 or less, or
  - where you have been unable to obtain written evidence—for example, for toll or parking fees where you cannot get a receipt.

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

Claims of $300 or less

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

DON'T LEAVE IT TOO LATE!

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

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

How long you need to keep your records

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

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

NOTE

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

EXAMPLE

Keeping records

Linda buys a computer for $4,000 in July 2000. Linda uses her computer for work 60% of the time. She claims 60% of the decline in value on the cost of her computer over four years. Linda's last claim for a deduction for decline in value is in her 2003–04 tax return which she lodges on 15 October 2004.

Linda must keep her records until 31 October 2009. If at this time she is in a dispute with the Tax Office that relates to this claim, she must keep her records until the dispute is resolved.

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

Why you need to keep your records

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

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

Extra information for some occupations

We provide summaries of tax rulings for 16 occupations:

- *Airline employees* (NAT 2331—6.2004)
- *Australian Defence Force members* (NAT 2321—6.2004)
- *Building workers* (NAT 2324—6.2004)
- *Cleaners* (NAT 2328—6.2004)
- *Factory workers* (NAT 2329—6.2004)
- *Hairdressers* (NAT 2320—6.2004)
- *Hospitality industry employees* (NAT 2326—6.2004)
- *Journalists* (NAT 2782—6.2004)
- *Lawyers* (NAT 2327—6.2004)
- *Nurses* (NAT 2319—6.2004)
- *Performing artists* (NAT 2325—6.2004)
- *Police officers* (NAT 2316—6.2004)
- *Real estate employees* (NAT 2323—6.2004)
- *Shop assistants* (NAT 2322—6.2004)
- *Teachers* (NAT 2317—6.2004)
- *Truck drivers* (NAT 2318—6.2004)

Your employer, trade union or professional association should have copies of this information. The publications are also available on the Tax Office website at **www.ato.gov.au** Or to find out how to get a printed copy, see the inside back cover of *TaxPack*.

QUESTION D1

WORK RELATED CAR EXPENSES

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

Do not include expenses for vehicles other than cars—for example, motorcycles, utility trucks or panel vans with a carrying capacity of 1 tonne or more, or any other vehicle with a carrying capacity of nine or more passengers. Show them at item **D2**.

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

NO Go to question **D2**.

YES Read below.

> **CAUTION**
>
> If you received a reimbursement for car expenses—worked out by reference to the distance travelled by the car—or an allowance for car expenses, you must show the amount of the reimbursement or allowance as income at item **1** or **2** on your tax return.

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

You cannot claim at this question any expenses relating to a car owned or leased by someone else, including your employer or another member of your family. However, you are considered to be the owner or lessee of a car and eligible to claim expenses where a family or private arrangement makes you the owner or lessee even though you are not the registered owner. For example, a family car is given to you as a gift for your birthday. It is not registered in your name but you are the owner of the car, incur all associated expenses and use the car as your own.

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

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

YOU NEED TO KNOW

Using your car for work

You cannot claim the cost of normal trips between home and work as the expense is private. The travel is private and cannot be claimed even if:

- you do minor tasks—for example, picking up the mail on the way to work or home
- you have to travel between home and work more than once a day
- you are 'on call'—for example, you are on stand-by duty and your employer contacts you at home to come into work
- there is no public transport near where you work
- you work outside normal business hours—for example, shift work or overtime
- your home is a place of business and you travel directly to a place of employment.

WHAT YOU MAY NEED

- written evidence of your car expenses—receipts, invoices or diary entries
- car logbook and odometer records
- *Guide to depreciating assets* (NAT 1996—6.2004)
- *Practice Statement PS LA 1999/2—Calculating car expense deductions where the car is jointly owned, jointly leased or jointly hired under a hire purchase agreement (but is not owned, leased or hired by a partnership).*

For copies of these publications go to **www.ato.gov.au** Or to find out how to get a printed copy, see the inside back cover of *TaxPack*.

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

- you use your car because you have to carry bulky tools or equipment that you use for work—for example, an extension ladder or cello—and you cannot leave them at work
- your home is a base of employment—you start your work at home and travel to a workplace to continue the work, or
- you have shifting places of employment—you regularly work at more than one site each day before returning home. *Taxation Ruling TR 95/34—Employees carrying out itinerant work* has more information on travel expenses for employees who have shifting places of employment. This publication is available on the Tax Office website at **www.ato.gov.au** Or to find out how to get a printed copy, see the inside back cover of *TaxPack*.

You can claim the cost of using your car to travel directly between two separate places of employment—for example, when you have a second job.

> **EXAMPLE**
>
> Jason is a clerk at a large department store who travels in his own car from his normal workplace to his second job as a waiter. After finishing work as a waiter, he travels directly home. The cost of travel from his normal workplace to his second job is an allowable deduction.
>
> However, Jason cannot claim the cost of travelling from his second job to his home.

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

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

EXAMPLE

Bec is a clerk at a large department store in the city. She is required to attend a meeting at her employer's other store in the suburbs and travels in her own car to that store. As the meeting finishes late she travels directly home from the meeting.

Bec can claim the cost of the journey from the city store to the suburban store and from the alternate workplace to her home.

CALCULATING YOUR DEDUCTION

You can use one of four methods summarised below to work out your car expenses.

METHOD 1—Cents per kilometre method

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

METHOD 2—12% of original value method

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

METHOD 3—One-third of actual expenses method

- Your claim is based on one-third of each car expense.
- Your car must have (or would have) travelled more than 5,000 business kilometres.
- You need written evidence or odometer records for fuel and oil costs.
- You need written evidence for all other car expenses.

METHOD 4—Logbook method

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

Choose the method that gives you the largest deduction and ensure you have the necessary evidence.

Jointly owned cars

NOTE

There are special rules for jointly owned cars. For example, where a car is owned by two people, each owning half, under METHOD 2 each joint owner would claim 6%. *Practice Statement PS LA 1999/2 tells you more about these rules*.

Deductions for decline in value

If you are claiming a deduction for the decline in value of a car you should refer to the publication *Guide to depreciating assets* which contains details of how to work out deductions for decline in value and balancing adjustments for cars.

You can only claim a deduction for decline in value if you own the car or hire it under a hire purchase agreement and you use METHOD 3 or METHOD 4 to calculate your car expenses. If you lease a car that is not a luxury car, you cannot claim a deduction for its decline in value because you are not the owner of the car.

Some important things to remember:

- The decline in value is worked out from the day you first use the car for any purpose.
- You can only claim a deduction for decline in value in a year you use the car for work-related purposes.
- You will need to apportion your deduction for decline in value where the car is used privately as well as for work-related purposes or where you owned the car for part of the year.
- When calculating a deduction for the decline in value the cost of the car is limited to the luxury car limit. Luxury car limits are shown on page 40.
- If you lease a luxury car special rules apply which require you to claim a deduction for its decline in value based on the luxury car limit—if you use METHOD 3 or METHOD 4. A car is considered to be a luxury car where the cost of the car—whether new or secondhand—at the time the lease begins is more than the luxury car limit applying for that year. Phone the Personal Tax Infoline (see the inside back cover of *TaxPack*) to find out what these special rules are.
- Low-value pool deductions

  If you choose to use the low-value pooling method (see *Guide to depreciating assets*) to calculate the decline in value of your low-cost and low-value depreciating assets, your car expenses at **D1** under METHOD 3 and METHOD 4 do not include an amount for the decline in value of a car used for work if it is included in the low-value pool. In those circumstances claim the deduction for decline in value of the low-value pool at **D6**.

- Simplified tax system (STS)

  If you are in business and are eligible to enter or continue in the simplified tax system (STS) and you have chosen to do so at item **S1** on the *2004 business and professional items schedule for individuals*, you will need to calculate your work-related deduction for depreciating assets using the STS rules. If you have chosen either METHOD 3 or METHOD 4 to calculate your work-related car expenses, do not claim an amount for the decline in value of your car at **D1** as the appropriate amount is claimed as part of claiming your STS depreciating assets deductions, which are shown at **P8** on the *2004 business and professional items schedule for individuals*.

  If you did not carry on any business during 2003–04 but have STS pool deductions because you have allocated depreciating assets (such as a car) to an STS pool in a prior year, make your claim for STS pool deductions at item **D15** in the supplementary section of your return. Refer to the Tax Office publication *The simplified tax system: A guide for tax agents and small businesses* (NAT 6459—5.2004).

Was your car disposed of, lost or destroyed?

If so, a balancing adjustment may need to be made where you have claimed a deduction for the decline in value of the car and you have:

(a) switched between:
  - the one-third of actual expenses method or the logbook method AND
  - the cents per kilometre method or the 12% of original value method, or

(b) switched between the one-third of actual expenses method and the logbook method, or

(c) used only the one-third of actual expenses method or the logbook method.

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

If you have a loss after making the calculation, claim the amount at this question. If you have a profit, include the amount as category 2 income at item **22** on your tax return (supplementary section). Refer to the Index for more information.

> **IMPORTANT**
>
> A balancing adjustment is not required if you have used only the cents per kilometre or 12% of original value method for calculating car expenses for the car.

Award transport payments

Award transport payments are allowances covering either transport expenses or car expense reimbursements which are paid under an industrial law or award that was in force on 29 October 1986. The car expense reimbursement is calculated in respect of a certain number of kilometres. Changes made to the industrial law or award after that date are treated as if they had been made on that day. Your union or employer can tell you the amount.

Award transport payments are assessable and must be included as income on your tax return. If you have incurred deductible transport expenses or deductible car expenses associated with these payments, you may be able to claim a deduction:

- for transport expenses—under question **D2**
- for car expenses—under either this question or question **D2**.

If your claim is no more than the 29 October 1986 amount, claim these work-related transport or car expenses at question **D2**. You do not need written evidence.

If you also have a claim for any additional kilometres not covered by the award transport payment, you can make the claim at this question but you can only use METHOD 4—the logbook method—with written evidence or METHOD 1—the cents per kilometre method.

Remember, any kilometres travelled that are covered by the award transport payment and claimed at question **D2** are not counted as business kilometres under either method but they are counted as part of the total kilometres travelled for METHOD 4. If you do not know how many business kilometres relate to your award transport payment you can make a reasonable estimate.

Alternatively, you may choose not to limit any part of your claim for work-related car expenses to the 29 October 1986 amount of the award transport payment. If this is the case make the claim at this question—do not claim car expenses covered by your award transport payment at question **D2**. When making your car expense claim at this question you can use any of the four methods, and any work-related kilometres travelled that are covered by the award transport payment are treated as business kilometres. You will need to satisfy the written evidence required by the particular method you select.

The example which follows explains the different ways you can claim when you receive an award transport payment.

EXAMPLE

Emma travelled 22,000 kilometres in total during 2003–04. She received an award transport payment of $2,000 which, under her award, covered travel of 5,000 work-related kilometres. The award transport payment as at 29 October 1986 was $1,400. She also travelled an additional 6,000 business kilometres that were not covered by her award transport payment.

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

- only claim $1,400 at item **D2**

- claim $1,400 at item **D2** and then use 5,000 of her 6,000 business kilometres towards a claim for total car expenses at item **D1** using the cents per kilometre method. See METHOD 1 on this page, or
- claim $1,400 at item **D2** and then use the 6,000 business kilometres towards a claim for total car expenses using METHOD 4 on pages 41–2 if she has written evidence. She divides the 6,000 business kilometres by the 22,000 total kilometres to work out her business use percentage:

  $\frac{6,000}{22,000} \times 100 = 27\%$ or
- not claim the $1,400 at item **D2** and treat the kilometres covered by the award transport payment as business kilometres. This gives her a total of 11,000 business kilometres towards a claim for total car expenses using METHOD 4 on pages 41–2 if she has written evidence. She divides the 11,000 business kilometres by the 22,000 total kilometres to work out her business use percentage:

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

METHOD 1—Cents per kilometre method

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

No written evidence is necessary but you may need to be able to show how you worked out your business kilometres.

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

This table shows you the rate per business kilometre to use in working out how much you can claim.

RATES PER BUSINESS KILOMETRE		
Ordinary car —engine capacity	**Rotary engine car —engine capacity**	**Cents per kilometre**
1600cc (1.6 litre) or less	800cc (0.8 litre) or less	51 cents
1601cc–2600cc (1.601 litre–2.6 litre)	801cc–1300cc (0.801 litre–1.3 litre)	61 cents
2601cc (2.601 litre) and over	1301cc (1.301 litre) and over	62 cents

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

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

METHOD 2—12% of original value method

You can use this method if you used your car to travel more than 5,000 business kilometres in 2003–04. This method is also available if you would have used your car to travel more than 5,000 business kilometres if you had used it for the whole of 2003–04.

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

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

LUXURY CAR LIMITS FOR THE LAST 10 YEARS			
2003–04	$57,009	1998–99	$55,134
2002–03	$57,009	1997–98	$55,134
2001–02	$55,134	1996–97	$55,134
2000–01	$55,134	1995–96	$52,912
1999–2000	$55,134	1994–95	$51,271

STEP 1 Multiply the cost of the car or the luxury car limit, whichever is less, by 12 and divide the result by 100. This is the amount you can claim if you owned or leased your car for the whole of 2003–04 and used it for work during that year.

If you are using this method to claim a deduction for more than one car that you own or lease, work out the amount you can claim for each car. Add up the amounts you have worked out. If you owned or leased the car for the whole of 2003–04, go to step 3. Otherwise, read on.

STEP 2 If you did not own or lease the car for the whole of 2003–04, you need to work out if you can use this method. First work out the number of days you owned or leased the car.

If you travelled 5,000 business kilometres or less, multiply the number of business kilometres you travelled by 366 and divide the result by the number of days you owned or leased the car during 2003–04. This is considered to be the number of kilometres you would have travelled if you had used the car for the whole year.

If your answer is more than 5,000 or you travelled more than 5,000 business kilometres, you can use this method to claim your expenses.

Read **Working out the amount you can claim** on the next page. Otherwise, use METHOD 1 or 4.

Working out the amount you can claim

Multiply the amount you worked out at step 1 by the number of days you owned or leased the car. Divide the result by **365** as provided for in the legislation.

EXAMPLE

Aaron bought a car on 1 March 2004 for $40,000 and he travelled 3,600 kilometres for work between 1 March 2004 and 30 June 2004 (122 days).

Because he did not own the car for the full year, Aaron needs to work out if he can use METHOD 2.

A As he travelled less than 5,000 business kilometres, Aaron multiplies the business kilometres he travelled by 366 and divides the result by the number of days he owned the car.

$$\frac{3{,}600 \times 366}{122} = 10{,}800$$

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

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

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

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

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

This is the amount Aaron can claim.

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

METHOD 3—One-third of actual expenses method

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

You can use this method if you used your car to travel more than 5,000 business kilometres in 2003–04. This method is also available if you would have used your car to travel more than 5,000 business kilometres if you had used it for the whole of 2003–04.

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

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

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

Odometer records need to show the odometer readings of the car at the start and end of the period that you owned or leased the car during 2003–04. They should also show the car's engine capacity, make, model and registration number. You may also need to be able to show how you worked out your business kilometres and any reasonable estimate you made.

EXAMPLE

Sim has made a reasonable estimate that she travelled 7,000 business kilometres during 2003–04. She is able to use this method.

Her odometer records show she used the car to travel a total of 25,000 kilometres during 2003–04.

She also estimated that the car used 10 litres of fuel per 100 kilometres travelled, based on the manufacturer's guidelines, and the average fuel price for the period was 90 cents per litre.

Sim's fuel claim would be worked out like this:

25,000 km multiplied by 10 and divided by 100 = 2,500

2,500 multiplied by $0.90 = $2,250

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

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

STEP 1 Add up your total expenses for fuel and oil, registration, insurance, interest, repairs and maintenance, the decline in value or lease payments and any other costs of running your car. See pages 38-9 to work out the amount to show here for decline in value.

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

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

METHOD 4—Logbook method

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

You must keep:

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

Business use percentage

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

From your records, work out the total kilometres travelled.

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

EXAMPLE

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

He divides 6,600 by 11,000 and multiplies by 100. Tim's business use percentage is 60%.

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

Did your car use change during 2003–04?

If it changed, make a reasonable estimate of what your business use percentage would have been for the whole of 2003–04, taking into account your logbook, odometer and other records, any variations in the pattern of use of your car and any changes in the number of cars you used in the course of earning your income.

Your logbook

Your logbook is valid for five years. If this is the first year you are using this method, you must have kept a logbook during 2003–04. The logbook must cover at least 12 continuous weeks. If you started to use your car for business purposes less than 12 weeks before the end of 2003–04, you are able to continue to keep a logbook into 2004–05 so that your logbook covers the required 12 weeks. If you want to use the logbook method for two or more cars, the logbook for each car must cover the same period.

If you have not kept a logbook since 1998–99, you must have kept a new logbook for 2003–04. If you did not keep a new logbook for 2003–04, you cannot use the logbook method. You must use another method.

Where you have kept a logbook for 2003–04 your logbook must contain the following information:

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

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

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

Logbook entries for each journey

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

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

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

Odometer records

You must keep written odometer records for the period you owned or leased the car during 2003–04. You need to record:

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

Odometer records can be kept as part of your logbook if you kept one for 2003–04. If you did not keep a logbook in 2003–04, you need to have kept a separate record of the odometer readings and other details.

Working out your claim

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

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

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

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

EXAMPLE

Bayden's odometer records show he used his car to travel a total of 7,000 kilometres during 2003–04.

Based on the manufacturer's guidelines, he estimated that the car used 10 litres of fuel per 100 kilometres travelled and the average fuel price for the period was 90 cents per litre.

Bayden's fuel claim would be worked out like this: 7,000 km multiplied by 10 and divided by 100 = 700

700 multiplied by $0.90 = $630. This is the amount he would include for fuel in step 1.

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

STEP 1 Add up your total expenses for fuel and oil, registration, insurance, interest, repairs and maintenance, the decline in value or lease payments and any other costs of running your car. See pages 38-9 to work out the amount to show here for decline in value.

STEP 2 Using your business use percentage, work out the business portion of your total expenses from step 1. This is the amount you can claim.

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

CLAIMING UNDER MORE THAN ONE METHOD

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

CHECK THAT YOU HAVE . . .

- ☐ written on your tax return the amount of your claim for car expenses
- ☐ printed the correct code letter in the **CLAIM TYPE** box ☐ beside the amount:

  if you used METHOD 1—code **S**

  if you used METHOD 2—code **T**

  if you used METHOD 3—code **O**

  if you used METHOD 4—code **B**
- ☐ kept written evidence of your car expenses, where required. Retain it for five years from 31 October or, if you lodge later, for five years from the date you lodge your tax return. If at the end of this period you are in a dispute with the Tax Office that relates to this work expense, you must keep your records until the dispute is resolved.

QUESTION D2

WORK RELATED TRAVEL EXPENSES

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

Claim at this question expenses for vehicles other than cars—for example, motorcycles, utility trucks or panel vans with a carrying capacity of 1 tonne or more, or any other vehicle with a carrying capacity of nine or more passengers.

Claim at this question any work-related running costs you are entitled to that are associated with a car owned or leased by somebody else—a borrowed car.

NO	Go to question **D3**.
YES	Read below.

YOU NEED TO KNOW

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

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

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

You cannot claim a deduction for any expenses you incur for the direct operation of a car that your employer provides, which at any time is used privately by you or your relatives, even if the expenses are work-related. Examples of direct operation expenses are petrol, oil and repairs. Such expenses form part of the valuation of the car for fringe benefits tax purposes. However, you may be able to claim expenses—such as parking fees and bridge tolls—which are linked to the car but are not involved in its direct operation.

You cannot claim the cost of normal trips between home and work as the expense is private. The travel is private and cannot be claimed even if:

- you do minor tasks—for example, picking up the mail on the way to work or home
- you have to travel between home and work more than once a day
- you are 'on call'—for example, you are on stand-by duty and your employer contacts you at home to come into work
- there is no public transport near where you work
- you work outside normal business hours—for example, shift work or overtime, or
- your home is a place of business and you travel directly to a place of employment.

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

- you use your vehicle or have other travel expenses because you have to carry bulky tools or equipment that you use for work—for example, an extension ladder or cello—and you cannot leave them at work
- your home is a base of employment—you start your work at home and travel to a workplace to continue the work, or
- you have shifting places of employment—you regularly work at more than one site each day before returning home. *Taxation Ruling TR 95/34—Employees carrying out itinerant work* has more information on travel expenses for employees who have shifting places of employment. This publication is available on the Tax Office website at **www.ato.gov.au** Or to find out how to get a printed copy, see the inside back cover of *TaxPack*.

You can claim the cost of travelling directly between two separate places of employment—for example, when you have a second job.

EXAMPLE

Sue is a clerk at a large department store who travels by bus from her normal workplace to her second job as a waitress. After finishing work as a waitress, she travels directly home.

The only allowable deduction is the cost of travel from Sue's normal workplace to her second job.

You can claim the cost of travelling:

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

EXAMPLE

Janet is a clerk at a large department store in the city. She travels by bus from her normal workplace to her employer's other store in the suburbs. She attends a meeting at this alternative workplace. After this meeting, she travels directly home by train.

Janet can claim the cost of each journey.

Records you need

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

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

We set the reasonable allowance amount for your circumstances in an annual ruling. For 2003–04 refer to

Taxation Ruling TR 2003/7—Reasonable allowance amounts for the 2003–2004 income year. This publication is available on the Tax Office website at **www.ato.gov.au** Or to find out how to get a printed copy, see the inside back cover of *TaxPack*. Your employer may also be able to tell you what the amount is.

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

TRAVEL EXPENSE RECORDS

	DOMESTIC TRAVEL		OVERSEAS TRAVEL	
	Written evidence	**Travel diary**	**Written evidence**	**Travel diary**
Where a travel allowance is not received:				
■ travel less than six nights in a row	Yes	No	Yes	No
■ travel six or more nights in a row	Yes	Yes	Yes	Yes
Where a travel allowance is received and the claim does not exceed the reasonable allowance amount:				
■ travel less than six nights in a row	No	No	No*	No
■ travel six or more nights in a row	No	No	No*	Yes**
Where a travel allowance is received and the claim exceeds the reasonable allowance amount:				
■ travel less than six nights in a row	Yes	No	Yes	No
■ travel six or more nights in a row	Yes	Yes	Yes	Yes**

A travel diary is a document which shows details of your activities. It must show the dates, places, times and duration of your activities and travel.

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

** Members of international air crews do not need to keep a travel diary if they limit their claim to the amount of the allowance received.

> NOTE
> You must have written evidence for the whole of your claim, not just the excess over the reasonable amount. Written evidence is explained on pages 35–6.

Car owned or leased by somebody else—a borrowed car

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

Award transport payments

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

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

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

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

If you choose to claim more than the 29 October 1986 amount for work-related transport expenses, make the claim at this question. You will need written evidence for the whole of the claim.

If you choose to claim more than the 29 October 1986 amount for work-related car expenses or to claim for additional car expenses not covered by the award transport payment, make the claim at question **D1**.

COMPLETING THIS QUESTION

STEP 1 Add up all your allowable travel expenses.

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

CHECK THAT YOU HAVE . . .

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

QUESTION D3

WORK RELATED UNIFORM, CLOTHING, LAUNDRY AND DRY CLEANING EXPENSES

Did you have any:
- **protective clothing**
- **uniform**
- **occupation specific clothing, or**
- **laundry or dry cleaning**

expenses relating to your work as an employee?

NO Go to question **D4**.

YES Read below.

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

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

You cannot claim the cost of purchasing or cleaning a plain uniform or clothes you bought to wear for work that are not protective or specific to your occupation even if your employer tells you to wear them—for example, a bartender's black trousers and white shirt or a manager's suit or stockings. If you need more information about whether you can deduct the cost of clothing you wear to work, read *Taxation Ruling TR 98/5—Calculating and claiming a deduction for laundry expenses*, *Taxation Ruling TR 97/12—Deductibility of expenses on clothing, uniform and footwear, Taxation Ruling TR 2003/16—Deductibility of protective items* and *Taxation Ruling TR 94/22—Deductibility of expenditure on conventional clothing*. These publications are available on the Tax Office website at **www.ato.gov.au** Or to find out how to get a printed copy, see the inside back cover of *TaxPack*.

WHAT YOU MAY NEED

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

YOU NEED TO KNOW

You cannot automatically claim a deduction just because you received a uniform, clothing, laundry or dry cleaning allowance from your employer. Carefully read the section **Claiming deductions for expenses that relate to your work as an employee** on pages 35–6 before claiming a deduction.

Work uniform

This is a work uniform—either compulsory or non-compulsory—that is unique and distinctive to your organisation.

Compulsory work uniform

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

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

If you need more information about work uniforms, read *Taxation Determination TD 1999/62—What are the criteria to be considered in deciding whether clothing items constitute a compulsory corporate uniform/wardrobe?* This publication is available on the Tax Office website. Or to find out how to get a printed copy, see the inside back cover of *TaxPack*.

You may be able to claim for a single item of distinctive clothing, such as a jumper, where it is compulsory for you to wear it at work. Generally, clothing is distinctive where it has the employer's logo permanently attached and the clothing is not available to the public.

Non-compulsory work uniform

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

Shoes, socks and stockings can never form part of a non-compulsory work uniform.

> **NOTE**
> Information for employers about registering non-compulsory work uniforms can be obtained from the AusIndustry website at **www.ausindustry.gov.au**

Occupation specific clothing

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

Protective clothing

This is clothing and footwear that you wear to protect yourself from the risk of illness or injury posed by your income-earning activities or the environment in which you are required to carry them out. To be considered protective, the items must provide a sufficient degree of protection against that risk. Examples of protective clothing include fire resistant and sun-protection clothing, safety-coloured vests, non-slip nurse's shoes, rubber boots for concreters, steel-capped boots, overalls, and heavy duty shirts and trousers. Overalls, smocks and aprons that you wear to avoid damage or soiling to your ordinary clothes during the course of your income-earning activities are also considered to be protective clothing. Ordinary jeans, shirts, drill trousers or drill shorts that are lacking in protective qualities are not protective clothing.

Laundry expenses

The costs of washing, drying and ironing eligible work clothes, as described in this question, are laundry expenses which you can claim. They include laundromat expenses.

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

- the amount of your claim is greater than $150, and
- your total claim for work expenses—other than car, meal allowance, award transport payments allowance and travel allowance expenses—exceeds $300.

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

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

Dry cleaning expenses

You can claim the cost of dry cleaning eligible work clothes, as described at this question. If your total claim for work expenses—other than car, meal allowance, award transport payments allowance and travel allowance expenses—exceeds $300 you must have written evidence to substantiate your claim.

COMPLETING THIS QUESTION

STEP 1 Work out the total cost of laundering your occupation specific clothing, protective clothing or work uniforms. (For information about using a reasonable basis to work out laundry expenses, see **Laundry expenses** on page 46.)

STEP 2 Add up all your allowable uniform, clothing, laundry and dry cleaning expenses and write the total amount at **C** item **D3** on your tax return. Do not show cents.

STEP 3 Select the code letter that describes the majority of the clothing for which you are claiming:

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

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

CHECK THAT YOU HAVE . . .

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

QUESTION D4

WORK RELATED SELF-EDUCATION EXPENSES

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

STOP

Do not show at this question:

- the cost of formal education courses provided by professional organisations
- the cost of attending seminars, education workshops or conferences that are connected to your work activities but do not relate to your course of education. Show these at **D5 Other work related expenses**
- amounts for decline in value of items included in a low-value pool. Show these at **D6 Low value pool deduction**
- deductions for depreciating assets if you are in business and have chosen to enter or continue in the simplified tax system (STS). Show these at item **P8** on the *2004 business and professional items schedule for individuals*
- STS pool deductions for depreciating assets if you are not carrying on any business during 2003–04. Show these at item **D15** on your tax return (supplementary section).

NO Go to question **D5**.

YES Read below.

WHAT YOU CANNOT CLAIM

You cannot claim a deduction for Higher Education Contribution Scheme (HECS) payments, Financial Supplement Loan repayments or Open Learning Agency of Australia basic charges.

If you take out a loan under the Postgraduate Education Loans Scheme (PELS) or Bridging for Overseas Trained Professionals Loan Scheme (BOTPLS) for part or all of your course fees, you cannot claim a deduction for the loan repayments. However, you may be able to claim a deduction for your course fees, including that part the Commonwealth pays on your behalf under PELS and BOTPLS, if there is a direct connection between your self-education and your work activities at the time that the expense was incurred.

You cannot claim a deduction for self-education expenses against income you received from youth allowance, austudy payment, ABSTUDY or similar schemes providing payments in the nature of assistance.

WHAT YOU MAY NEED

- written evidence from your supplier or educational institution
- written evidence or diary entries you made of any expenses relating to your self-education—for example, travel
- *Guide to depreciating assets* (NAT 1996—6.2004). This publication contains information about deductions for decline in value, balancing adjustments, and **immediate deductions** for certain depreciating assets whose cost (when added to the cost of other substantially identical assets or assets that make up a set) does not exceed $300. It also explains the option to pool low-value depreciating assets for which you cannot claim an immediate deduction. If you choose this option, see question **D6 Low value pool deduction**. This publication is available on the Tax Office website at **www.ato.gov.au** Or to find out how to get a printed copy, see the inside back cover of *TaxPack*.

NOTE

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

YOU NEED TO KNOW

You can claim only self-education expenses that relate to your work activities while you were studying. If your self-education was to help you get a new job, you cannot claim your expenses.

Self-education expenses are expenses related to a course of education provided by a school, college, university or other place of education. The course must be undertaken to gain a formal qualification for use in carrying on a profession, business or trade or in the course of employment.

If you are a part-time or full-time student, you may be able to claim the costs of self-education if there is a direct connection between your self-education and your work activities at the time the expense was incurred.

Taxation Ruling TR 98/9—Deductibility of self-education expenses provides additional information. This publication is available on the Tax Office website. Or to find out how to get a printed copy, see the inside back cover of *TaxPack*.

If your total claim for all work expenses is more than $300, you may need to keep written evidence to prove your claim. Read pages 35–6 in *TaxPack 2004* for an explanation of the written evidence rule.

The cost of meals is generally a private—and non-claimable—expense. However, if:

- you are participating in self-education directly connected to your current work, and
- that self-education requires you to be temporarily absent for one or more nights from your home

you may claim the cost of meals during that absence.

Allowable self-education expenses

You may be able to claim expenses such as textbooks, stationery, student union fees, course fees and the decline in value of your computer. If you did **not** use your computer **solely** for self-education purposes, you will need to **apportion** your deduction.

This means you divide the amount between private use and work-related use. For example, if you use your computer 40% of the time for deductible self-education and 60% of the time for private purposes, then you can only claim 40% of the decline in value.

You can claim expenses for travel between:

- home and your place of education
- your place of education and home
- work and your place of education, and
- your place of education and work.

However, only the first leg of each trip is deductible where you travel:

- from home to your place of education and then to work, or
- from your workplace to your place of education and then to home.

To work out the amounts of allowable car or other travel expenses you will need to read question **D1** (car expenses) or **D2** (travel expenses). But you must generally claim these amounts here at question **D4**.

$250 reduction

In certain circumstances you may have to reduce your allowable self-education expenses by $250. However, you may have other types of expenses—some of which are not allowable as a deduction (category E)—that can be offset against the $250 before you have to reduce the amount you can claim for allowable expenses.

NOTE

1. Make your claim for the decline in value of a low-value pool (which includes assets used for self-education purposes) at **D6**.
2. If you are in business and are eligible to enter or continue in the simplified tax system (STS) and you have chosen to do so at item **S1** on the *2004 business and professional items schedule for individuals*, you will need to calculate your work-related deduction for depreciating assets using the STS rules. In that case, claim your work-related deduction for depreciating assets at **P8** on the *2004 business and professional items schedule for individuals*.
3. If you did not carry on any business during 2003–04 but have STS pool deductions because you have allocated depreciating assets to an STS pool in a prior year, make your claim for STS pool deductions at item **D15** on your tax return (supplementary section). Refer to *The simplified tax system: A guide for tax agents and small businesses* (NAT 6459—5.2004). This publication is available on the Tax Office website at **www.ato.gov.au** Or to find out how to get a printed copy, see the inside back cover of *TaxPack*.

How to work out your claim

First list your expenses under the following categories.

Category A

General expenses that are allowable as a deduction. They include textbooks, stationery, student union fees, course fees or car expenses (excluding amounts for decline in value) worked out under the logbook or one-third of actual expenses method.

In some cases you may need to reduce your category A expenses by $250—see example 1 on page 50.

Category B*

Deductions for the decline in value of depreciating assets used for self-education purposes, including a car for which you are claiming deductions under the logbook or one-third of actual expenses method.

Category C*

Repairs to items of equipment used for self-education purposes.

Category D*

Car expenses related to your self-education activities which are claimed using the cents per kilometre or 12% of original value method. See pages 40–1 for information on these methods.

You cannot claim car expenses under this category if you have included deductions for decline in value or repairs to your car under categories B or C.

* You do not have to reduce category B, C and D expenses by $250.

Category E

Self-education expenses you have incurred that are not allowable as a deduction. For example:

- travel expenses in respect of the last leg of each trip:
  - from home to your place of education and then to work, or
  - from the workplace to your place of education and then home
- child care costs related to attendance at lectures or other self-education activities, or
- capital cost of items acquired in 2003–04 and used for self-education purposes—for example, a computer or desk.

COMPLETING THIS QUESTION

STEP 1 If you had any category A expenses, go to step 2. Otherwise, read on.

If you do not have any category A expenses, you do not have to reduce your claim. Add any category B, C and D amounts and write the total at **D** item **D4** on your tax return. Do not show cents. Go to step 6.

STEP 2 If the total of your category C, D and E amounts is less than $250, go to step 3. Otherwise, read on.

If the total of your category C, D and E amounts is $250 or more you do not have to reduce your claim. Add any category A, B, C and D amounts and write the total at **D** item **D4** on your tax return. Do not show cents. Go to step 6.

STEP 3 Take away the total of any category C, D and E amounts from $250.

STEP 4 Take your answer from step 3 away from your total category A amount. If this leaves you with zero or less, your category A amount is reduced to zero.

STEP 5 Add your step 4 amount—if any—to the total of your category B, C and D amounts. Write your answer at **D** item **D4** on your tax return. Do not show cents.

STEP 6 Select from the list below the code letter that best describes your self-education.

K There is a direct connection between the self-education and your current work activities because the study maintains or improves a skill or specific knowledge required for your current work activities.

I There is a direct connection between the self-education and your current work activities because you can show that the study leads to, or is likely to lead to, increased income from your current work activities.

O Other circumstances exist where there is a direct connection between your self-education and your current work activities.

Remember, self-education expenses are NOT allowable if your study is designed to:

- get you a job
- get you a new job—a different job to your current one, or
- get you income from a new income-earning activity.

STEP 7 Print your code letter (**K**, **I** or **O**) from step 6 in the **CLAIM TYPE** box at the right of **D** item **D4** on your tax return.

Examples of how to work out a claim

EXAMPLE 1

Maureen studies hairdressing at a TAFE college and the course is directly related to her current employment as an apprentice hairdresser.

Her expenses		Category
Course fees	$180	A
Textbooks	$70	A
Student union fees	$40	A
Total expenses	$290	
Take away	$250	
Maureen can claim	$40	

EXAMPLE 2

Ian is currently unemployed and gets a Newstart allowance. He went to a course to gain a second qualification to help his job prospects.

Ian cannot claim any self-education expenses as there is no direct connection between the expense and his current income source.

EXAMPLE 3

Lachlan is a clerk in the public service who is studying gourmet cooking part-time in order to become a chef. Lachlan cannot claim any self-education expenses as there is no direct connection between the expense and his current income source.

EXAMPLE 4

Katelin studies full-time at a university and receives austudy payment as her only source of income.

Katelin cannot claim any self-education expenses as there is not a sufficient connection between the expense and austudy payment.

EXAMPLE 5

Angus studied part-time at a university and the course was directly related to his current employment. He travelled by bus from his work to university.

His expenses		Category
Stationery	$10	A
Textbooks	$240	A
Course fees	$200	A
Bus fares	$150	A
Student union fees	$150	A
Repair to home printer	$70	C
Total allowable expenses	$820	
Self-education expenses not allowable as a deduction		
Child care costs	$520	E

The general expenses for stationery, textbooks, course fees, bus fares and student union fees are category A amounts. The repair expense is a category C amount.

Angus does not have to reduce his category A expenses as the total of his category C (repairs $70) and E (child care costs $520) is more than $250.

Angus can claim $820—his category A and C amounts.

However, if Angus had no child care costs then his claim would be worked out using the steps from the previous pages, as follows:

STEP 3 $250 less $70 (the category C amount) = $180

STEP 4 $750 (category A amount) less $180 (step 3 amount) = $570

STEP 5 $570 (step 4 amount) plus $70 (category C amount) = $640

Angus could claim $640.

QUESTION D5

OTHER WORK RELATED EXPENSES

Did you have:

- **debits tax charged on any outgoings from your bank, building society or credit union account where the outgoing can be claimed as an allowable work-related deduction**
- **any other expenses relating to your work as an employee?**

Other expenses include union fees, overtime meals, attending formal education courses provided by professional associations, seminars, conferences or education workshops, books, journals and trade magazines, tools and equipment, protective items such as sunscreens and sunglasses, computers and software, telephone and home office expenses. Phone the Personal Tax Infoline (see the inside back cover of *TaxPack*) if you are not sure if an expense can be claimed.

You cannot claim the cost of entertainment, fines or penalties. You cannot claim private expenses such as child care expenses or fees paid to social clubs.

STOP

Do not show at this question claims for:

- expenses not related to your work
- expenses from carrying on a business
- the cost of sickness and accident insurance premiums
- tax costs—such as tax agent fees
- decline in value of items included in a low-value pool. Show these at **D6 Low value pool deduction**
- decline in value of work-related items if you are in business and have elected to enter the simplified tax system (STS). Show these at item **P8** on the *2004 business and professional items schedule for individuals.*

NO Go to question **D6**.

YES Read below.

WHAT YOU MAY NEED

- statements from your bank, building society or credit union
- written evidence from your supplier or association
- other written evidence or diary entries you made to record your expenses
- your *PAYG payment summary—individual non business*
- *Taxation Ruling TR 93/30—Deductions for home office expenses*
- *Practice Statement PS LA 2001/6—Home office expenses*
- *Guide to depreciating assets* (NAT 1996—6.2004). This publication contains information about deductions for decline in value and balancing adjustments, and **immediate deductions** for certain depreciating assets whose cost (when added to the cost of other substantially identical assets or assets that make up a set) does not exceed $300. It also explains the option to pool low-value depreciating assets for which you cannot claim an immediate deduction. If you choose this option, see question **D6 Low value pool deduction**. This publication is available on the Tax Office website at **www.ato.gov.au** Or to find out how to get a printed copy, see the inside back cover of *TaxPack*.

NOTE

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

Simplified tax system (STS)

If you are in business and are eligible to enter or continue in the simplified tax system (STS) and you have chosen to do so at item **S1** (on the *2004 business and professional items schedule*), you will need to calculate your work-related deduction for depreciating assets using the STS rules. In that case, claim your work-related deduction for depreciating assets at **P8** on the *2004 business and professional items schedule for individuals* (NAT 2816—6.2004).

If you did not carry on any business during the year but have STS pool deductions because you have allocated depreciating assets to an STS pool in a prior year, make your claim for STS pool deductions at item **D15** in the supplementary section of your return. Refer to our publication *The simplified tax system: A guide for tax agents and small businesses* (NAT 6459—5.2004) which is available on the Tax Office website at **www.ato.gov.au** Or to find out how to get a printed copy, see the inside back cover of *TaxPack*.

YOU NEED TO KNOW

Receiving an allowance from your employer does not automatically entitle you to a deduction. To claim a deduction, you must have included the whole of the allowance at item **2** on your tax return and incurred the expense, and it must be related to your work as an employee.

If your total claim for all work expenses as an employee exceeds $300, you may need to keep written evidence to prove your claim. Read pages 35–6 for the written evidence rule.

Debits tax

You can claim a deduction for that part of the debits tax charged on any outgoing from your account where the outgoing can be claimed as an allowable deduction—for example, work-related expenses.

Union fees and subscriptions to associations

You can claim a deduction for union fees and subscriptions to trade, business or professional associations. You can only claim payments of levies to a strike fund where the fund is used solely to maintain or improve the contributors' pay. Your payment summary may show fees or subscriptions paid by you.

Overtime meals

You may be able to claim a deduction for overtime meal expenses you incurred if you received an overtime meal allowance from your employer which was paid under an industrial law, award or agreement. You can claim only the amount of expenditure you incurred. If your claim is more than $19.75 per meal, you will need written evidence.

You can only claim for overtime meal expenses incurred on those occasions when you worked overtime and you received an overtime meal allowance payment for that overtime.

An amount for overtime meals that has been 'folded in' (for example, under a workplace agreement) as part of your normal salary or wages income is not considered to be an overtime meal allowance.

Amounts received as overtime meal allowance must be included as income at item **2** on your tax return, subject to the note below:

> **NOTE**
>
> If your award overtime meal allowance was not shown on your payment summary and was not more than $19.75 for each meal, you do not have to include the amount at item **2** providing you have fully expended the allowance and do not claim a deduction for overtime meal expenses.

Seminars, conferences or education workshops

You can claim the cost of attending seminars, conferences or education workshops that are sufficiently connected to your work activities.

Books, journals and professional libraries

You can claim the cost of trade magazines, technical journals and reference books that you need to do your work.

You can claim a deduction for the decline in value of a professional library that includes books, tapes, compact discs, records and videos that you need to do your work.

Protective items

This is equipment or other items that you use to protect yourself from the risk of illness or injury posed by your income earning activities or the environment in which you are required to carry them out. For example, safety glasses, hard hats, gloves, sunscreens and sunglasses. Make your claim for the cost of protective clothing and footwear at question **D3**.

Computers and software

You can claim a deduction for the work-related proportion of the decline in value of computers. See the publication *Guide to depreciating assets* (NAT 1996—6.2004) to work out your claim. If you use your computer for private purposes you must apportion your decline in value between work-related and private use. 'Apportion' means you divide the amount between private use and work-related use. For example, if you use a computer 30% of the time for work and 70% of the time for non-work purposes, then you can only claim 30% of the decline in value.

You can also claim a deduction for the work-related proportion of the cost of repairs to your computer and interest on money borrowed to finance the cost of your computer.

Telephone expenses

You can claim a deduction for the cost of work-related telephone calls.

You can claim a deduction for your telephone rental if you can show you are 'on call' or are regularly required to telephone your employer or clients while you are away from your workplace. If you also use your telephone for private purposes you must apportion the cost of telephone rental between work-related and private use.

Home office expenses

You can claim the additional running expenses of a home office—for example, the decline in value of and repairs to your home office furniture and fittings, heating, cooling, lighting and cleaning. You can keep a diary to work out how much of your running expenses relate to doing work in your home office. Alternatively, you can use a fixed rate of 20 cents per hour for home office expenses for heating, cooling, lighting and the decline in value of furniture instead of keeping details of actual costs. For further information refer to *Practice Statement PS LA 2001/6—Home office expenses*.

When you use your home office for work as an employee, note that time in your diary. Diary records are acceptable evidence of a connection between the use of a home office and your work. Keep diary records during a representative period and for a reasonable time—for example, at least four weeks.

For a complete explanation of the limited circumstances in which you may claim for occupancy expenses of your home, such as rates, rent, mortgage interest and insurance, refer to *Taxation Ruling TR 93/30—Deductions for home office expenses*.

Low-value pooling

If you choose the low-value pooling method to calculate the decline in value of low-cost and low-value depreciating assets, make your claim at question **D6**.

Other expenses

You can claim a deduction here for any other expenses you incurred in earning your salary or wages that you have not already claimed.

COMPLETING THIS QUESTION

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

STEP 2 Write the total amount at **E** item **D5** on your tax return. Do not show cents.

QUESTION D6

LOW VALUE POOL DEDUCTION

You can claim a deduction at this question for the decline in value of low-cost assets and certain other depreciating assets which you allocate to a low-value pool.

Have you allocated in a previous year, or are you choosing to allocate for 2003–04, assets used to earn assessable income to a low-value pool?

Read **YOU NEED TO KNOW** below for the rules about low-value pools.

NO Go to question **D7**.

YES Read below.

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

YOU NEED TO KNOW

You can only have one low-value pool.

Once you choose to allocate a low-cost asset to a low-value pool, all low-cost assets you start to hold in that and any subsequent income year must also be allocated to the pool.

You can allocate the following types of depreciating assets to a low-value pool for 2003–04:

- **low-cost assets**—assets costing less than $1,000, and
- **low-value assets**—assets that are not low-cost assets which have been written off under the diminishing value method to less than $1,000 as at 1 July 2003.

You cannot allocate the following depreciating assets to a low-value pool:

- assets for which you have previously claimed deductions worked out using the prime cost method
- assets that cost $300 or less for which you can claim an immediate deduction
- assets for which you can deduct amounts under the simplified tax system (STS)
- horticultural plants (including grapevines)
- certain depreciating assets used in carrying on research and development activities.

Claiming your low-value pool deduction

You must claim your deduction:

- at item **P8** on the *2004 business and professional items schedule for individuals* if your low-value pool contains **only assets used in business** and not for any other income-producing purpose
- at this question **in all other cases**—this includes where your low-value pool contains assets used in relation to your work as an employee (questions **D1** to **D5**) or to gain rental income (question **20** in *TaxPack 2004 supplement*).

Working out your deduction

The deduction for the decline in value of depreciating assets in a low-value pool is worked out using a diminishing value rate of 37.5%.

For the income year you first allocate a low-cost asset to the pool, your deduction is worked out for that asset at a rate of 18.75% or half the pool rate. Halving the rate recognises that assets may be allocated to the pool throughout the income year and eliminates the need to make separate calculations for each asset based on the date it was allocated to the pool.

> **NOTE**
> You may need the publication *Guide to depreciating assets* (NAT 1996—6.2004). This publication is available on the Tax Office website at **www.ato.gov.au** Or to get a printed copy, see the inside back cover of *TaxPack*.

Taxable use percentage

When you allocate an asset to a low-value pool, you must make a reasonable estimate of the extent to which you will be using it to earn assessable income over its effective life (for a low-cost asset) or its remaining life (for a low-value asset). This estimate is the taxable use percentage.

Only the taxable use percentage of the cost (of a low-cost asset) or the taxable use percentage of the opening value (of a low-value asset) is allocated to the pool and used to calculate the deduction for decline in value.

How to calculate your low-value pool deduction

The worksheet on the next page shows you how to work out your low-value pool deduction. An example is presented and there is space left for your own calculations.

> **EXAMPLE**
> Edward buys a printer for $600 in 2003–04 and allocates it to a low-value pool. He estimates that the printer will be used 40% of the time for work purposes over its effective life. This is the first time Edward has had a low-value pool.
>
> In 2003–04 Edward also decides to allocate to the low-value pool a laptop computer for which he has previously claimed deductions worked out under the diminishing value method. The asset's opening value at 1 July 2003 is $900 and it will be used only for work purposes.

WORKSHEET

		Edward		You
The closing balance of the pool for 2002–03. If you did not have a low-value pool in 2002–03, write '**0**' at (a).	(a)	$0	(a)	$
For each low-value asset allocated to the pool in 2003–04, multiply the opening value (at 1 July 2003) by the taxable use percentage. Add up the amounts and write the total at (b).	(b)	$900	(b)	$
Add (a) and (b).	(c)	$900	(c)	$
Multiply (c) by 37.5%.	(d)	$337	(d)	$
For each low-cost asset allocated to the pool in 2003–04, multiply the cost by the taxable use percentage. Add up the amounts (see example) and write the total at (e).	(e)	(eg $600 x 40%) $240	(e)	$
For each asset already in the pool and for low-value assets added this year for which you incurred additional capital costs (such as improvements) in 2003–04, multiply those costs by the taxable use percentage. Add up the amounts and write the total at (f).	(f)	$0	(f)	$
Add (e) and (f).	(g)	$240	(g)	$
Multiply (g) by 18.75%.	(h)	$45	(h)	$
Add up the amounts at (d) and (h).	(i)	$382	(i)	$

This is the total low-value pool deduction. Edward will show $382 at **K** item **D6** on his tax return.

COMPLETING THIS QUESTION

Write your total low-value pool deduction at **K** item **D6** on your tax return.

Disposal of depreciating assets allocated to a low-value pool

If you dispose of an asset in a low-value pool in 2003–04, you need to reduce the closing pool balance for 2003–04 (see below) by the taxable use percentage of the asset's termination value. The asset's termination value is usually the proceeds from the asset's disposal. If this amount is more than the closing pool balance, the closing pool balance is reduced to nil and the excess is included in your assessable income at question **22**.

Closing pool balance for 2003–04

You will need to use the closing pool balance to calculate your low-value pool deduction for **next year**.

	Edward	You
Closing pool balance for 2002–03 (WORKSHEET amount (a))	$0	$
PLUS		
Amounts allocated to the pool in 2003–04 for:		
■ low-value assets (WORKSHEET amount (b))	$900	$
■ low-cost assets (WORKSHEET amount (e))	$240	$
■ additional capital costs relating to pooled assets (WORKSHEET amount (f))	$0	$
LESS		
Total low-value pool deduction for decline in value (WORKSHEET amount (i))	$382	$
SUBTOTAL	$758	$
LESS		
Taxable use percentage of termination value of assets disposed of in 2003–04 (see **Disposal of depreciating assets allocated to a low-value pool** above)	$0	$
CLOSING POOL BALANCE FOR 2003–04	$758	$

Keep a record of this amount for next year.

QUESTION D7

INTEREST AND DIVIDEND DEDUCTIONS

Did you have any expenses that you can claim as deductions against assessable interest and dividend income, such as:

- **account keeping fees or management fees**
- **debits tax**
- **interest charged on money borrowed to purchase shares or did you have a 'listed investment company (LIC) capital gain amount' included in a dividend received from a LIC?**

You can claim a deduction against assessable interest and dividend income if you are able to show that expenses and any debits tax were incurred in earning that income.

You cannot claim a deduction for expenses incurred in deriving exempt income such as an exempt dividend.

NO Go to question **D8**.

YES Read below.

STOP

Do not show at this question:

- an amount for debits tax on withdrawals relating to an account kept as an essential part of a business. Show this amount at **P8** on your *2004 business and professional items schedule for individuals*
- expenses incurred in earning foreign source interest or dividends. They may be taken into account in working out the amount you show at item **19** or, in the case of debt deductions, claimed at item **D15** on your tax return (supplementary section)
- expenses incurred in relation to:
  - a partnership or trust distribution, rental income, business income, tax costs, and the land transport facilities tax offset scheme or infrastructure borrowings scheme.

Refer to the relevant topics in the Index for more information on these matters.

YOU NEED TO KNOW

Account keeping fees

Some financial institutions charge account keeping fees. You can claim for these fees where the account is held for investment purposes—for example, a cash management account. You will find these fees listed on your statements or in your passbooks.

If you are not the sole holder of an account you can only claim your share of fees, charges or taxes on the account—for example, where you hold an equal share in an account with your spouse, you can only claim half of any allowable debits tax paid on that account.

Debits tax

State governments charge debits tax for operating certain types of accounts held with financial institutions such as banks, building societies and credit unions. If debits tax was charged to your account, it will be shown on your statements or in your passbooks. You can claim that part of debits tax charged on payments from your account where the payment is for a deductible expense which is also claimed here.

Other deductions

You can claim for interest incurred on money borrowed to purchase shares and other related investments from which you derive assessable interest or dividend income. If the money you borrowed is used for both private and income-producing purposes, then the interest must be apportioned between each purpose. Only that interest incurred for an income-producing purpose is deductible.

You can claim for ongoing management fees, retainers and amounts paid for advice relating to changes in the mix of investment. However, you cannot claim a fee charged for drawing up an investment plan unless you are carrying on an investment business. You cannot claim a fee paid to an investment adviser for drawing up an initial investment plan which includes pre-existing investments.

You may also be able to claim a portion of other costs—such as travel expenses, the cost of specialist investment journals or subscriptions, borrowing costs, the cost of internet access and a capital allowance for the decline in value of your computer—where these costs are incurred in managing your investments.

For more information, read the publication *You and your shares* (NAT 2632—6.2004).

If you have debt deductions, such as interest, your claims may be affected by the thin capitalisation rules. These rules may apply if you are an Australian resident and you (or any associate entities) have certain overseas interests, or you are a foreign resident, and your debt deductions (combined with those of your associate entities) for 2003–04 are more than $250,000. More information is available from the Tax Office website at **www.ato.gov.au**

Deduction you can claim for 50% of a LIC capital gain amount

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

NOTE

Dividends received from a LIC must be shown at question **11 Dividends**.

WHAT YOU NEED

- your bank or financial institution statements or passbooks
- your dividend statements including any LIC capital gain amount.

COMPLETING THIS QUESTION

STEP 1 Add up all your interest and dividend deductions and 50% of any LIC capital gain amount.

STEP 2 Write the total amount at **I** item **D7** on your tax return. Do not show cents.

QUESTION D8

GIFTS OR DONATIONS

Did you make a gift (or donation) of $2 or more to:

- **an eligible organisation such as:**
  - **certain organisations or charities which gave help in Australia**
  - **an approved overseas aid fund**
  - **a school building fund**
  - **an approved environmental or cultural organisation**

  which the Tax Office has endorsed as a deductible gift recipient or which is listed by name in the tax laws as gift deductible

or did you:

- **make an approved cultural bequest**
- **enter into a conservation covenant, or**
- **make a financial contribution of $2 or more to a registered political party?**

NO Go to question **D9**.

YES Read below.

> **NOTE**
> If you do not know whether you can claim a deduction, see if the information is on the receipt for your donation. If not, contact the organisation for confirmation. If you still do not know, phone the Personal Tax Infoline (see the inside back cover of *TaxPack*).

WHAT YOU MAY NEED

- your receipts for donations or contributions
- the purchase price and purchase date of any property donated
- your valuations by two or more approved valuers for any donations of property under the Cultural Gifts Program or to a body of the National Trust
- your valuation certificate from the Australian Valuation Office (AVO), if required, for your donation of property valued at more than $5,000 (see the next column)
- a certificate of approval from the Minister for Communications, Information Technology and the Arts for a cultural bequest
- your *PAYG payment summary—individual non-business* or other form of advice from your employer showing the amount you have donated through a workplace-giving program
- your valuation certificate from the AVO in relation to a conservation covenant you have entered into
- written approval from the Minister for the Environment and Heritage for a conservation covenant you have entered into.

YOU NEED TO KNOW

- You cannot claim a deduction for a donation if you received something in return—for example, a pen, raffle ticket, dinner or a reduction in your child's school fees.
- If you made a donation to a school building fund and your receipt includes other payments, you can claim only that part which is the voluntary donation.
- The total amount you can claim for contributions to registered political parties is $100.
- You can claim donations made to prescribed private funds.

Gifts of money

You can claim a deduction for the amount of money you have donated to an eligible organisation. The Parliament is presently considering changes to the law to allow taxpayers to elect to spread the deduction for a donation of money made from 1 July 2003 over five income years or less. At the time of printing *TaxPack 2004*, these changes had not become law. If these proposed changes are likely to apply to you, ring the Non-profit Infoline on **1300 130 248** for further information.

Workplace-giving program

If you made donations during the year to an eligible organisation through your employer's payroll system (known as 'workplace-giving') you still need to record the total amount of your donations at this question.

Your payment summary or other form of advice from your employer, showing the donated amount, is sufficient evidence to support your claim for the deduction. You do not need to have a receipt from the deductible gift recipient(s).

Gifts of property

Under the general gift provisions you can claim a donation of property to an eligible organisation if the property was purchased during the 12 months before the gift was made. You claim the lesser of either the price you paid for it or the market value of the property at the time of donation. This means that you cannot claim for property if you did not purchase it—for example, you inherited or won the property (unless the property is valued at more than $5,000—see below)

You can also claim donations of property to certain funds, authorities and institutions if they are valued at more than $5,000. A valuation certificate must be obtained from the AVO for property you purchased more than 12 months before making the donation or for property you did not purchase—for example, where you inherited or won the property. However, if the property was purchased within 12 months before making the donation, the amount deductible is the lesser of the market value of the property at the time of donation and the amount paid for the property.

From 1 July 2002 you can elect to spread the deduction for a donation of property which is valued by the AVO at more than $5,000, over five income years or less. You need to make the election in writing before lodging your tax return, setting out the percentage of the deduction you will claim in each year. You may make the election using the form on the next page.

For more information about property valuations phone the AVO on **(08) 8218 9000**, fax **(08) 8212 6090** or email **philanthropy@avo.gov.au**

Cultural and environmental gifts

You can elect to spread the deduction for donations made under the Cultural Gifts Program, and environmental and heritage gifts—valued by the Australian Valuation Office (AVO), over five income years or less. The election must be lodged with the relevant department before you lodge your tax return.

For more information about the Cultural Gifts Program and the election phone the Department of Communications, Information Technology and the Arts on **(02) 6271 1643**, email **cgp.mail@dcita.gov.au** or visit its website at **www.dcita.gov.au/cgp**

For more information about making donations to environmental and heritage organisations and the election phone the Department of the Environment and Heritage on **(02) 6274 1467** or email **reo@deh.gov.au**

If you enter into a conservation covenant over land you own, on or after 1 July 2002, you may be entitled to claim a deduction if certain conditions are met. You can elect to spread the deduction over five years or less. The covenant needs to either be approved in writing by the Minister for the Environment and Heritage or entered into under a program approved in writing by the Minister. For more information phone the Department of the Environment and Heritage on **(02) 6274 1111** and ask to speak to the relevant officer in the Natural Resource Management Policy Branch.

If you are an executor or administrator of an estate, you can claim a deduction in the donor's final individual tax return for a cultural bequest made under the Cultural Bequests Program. If the value of the bequest reduces the donor's taxable income to nil, any excess value can be claimed in the first tax return of the estate. You need a certificate of approval issued to the donor, during the 1998, 1999 or 2000 income years, by the Minister for Communications, Information Technology and the Arts.

COMPLETING THIS QUESTION

STEP 1 Add up all the amounts of your eligible donations and write the total at **J** item **D8** on your tax return. Do not show cents.

Spreading a deduction over five years for gifts of property valued by the AVO at more than $5,000

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

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

If you make a donation in conjunction with other donors, and you elect to spread your share of the deduction, you must complete your own separate election form and advise your percentage share in the donation.

An election can be varied at any time, but you can only vary the percentage that you can deduct in respect of income years for which an income tax return has not yet been lodged.

The election must:

- be made in writing and signed and dated
- be made before you lodge your tax return for the income year in which the donation of property is made
- state the percentage of the deduction you will claim in the income year the donation was made and for each year up to five years—the total of which cannot exceed 100% of the original deduction
- be kept for five years from the date you lodge your tax return with the claim for your last apportionment—do not attach it to your tax return or send it in to us.

ELECTION TO SPREAD DEDUCTION FOR A GIFT OF PROPERTY

(Does not cover cultural, environmental or heritage gifts.)

Name of donor:

Recipient fund, authority or institution:

Reference number from certificate of valuation:

Percentage ownership share (if given in conjunction with other individuals):

Date of donation: / /

Apportionment election/variation

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

(**Note:** Ensure that your apportionment totals 100%.)

☐ This is my first election for this gift (or donation).

☐ This is a variation to a previous election.

Tick the appropriate box.

Signature: Date: / /

NOTE

If you have been provided with more than one receipt or form of advice (for example, the charity you donate to and your employer have provided written confirmation of your donations), be sure you claim your donations only once.

QUESTION D9

DEDUCTIBLE AMOUNT OF UPP OF AN AUSTRALIAN PENSION OR ANNUITY

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

To claim the deductible amount of a UPP on a foreign pension or annuity, complete item **D12** on your tax return (supplementary section).

NO Go to question **D10**.

YES Read below.

STOP

Pensions from Centrelink and the Department of Veterans' Affairs (DVA) shown at question **6** do not have a deductible amount.

YOU NEED TO KNOW

UPP of a pension or annuity

If you showed income from an Australian pension or annuity at item **7** on your tax return, you may be able to reduce the taxable amount of your pension or annuity income if it has a UPP.

The UPP is the amount you contributed towards the purchase price of the pension or annuity for which you did not claim, and were not eligible to claim, a tax deduction.

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

If you already know your deductible amount, go to **COMPLETING THIS QUESTION** on this page.

Your pension or annuity may have a UPP if:

- you receive a superannuation pension and you could not claim a tax deduction for some or all of the personal contributions you made to your superannuation fund or retirement savings account provider in previous years
- you receive a pension or annuity that reverted to you on the death of another person, or
- you receive a pension or annuity that you bought with your own capital.

NOTE

If you have commuted any part of your pension into a lump sum, the deductible amount of UPP that you can claim must be recalculated.

If you do not know your deductible amount, go to **Schedule of additional information** on this page.

COMPLETING THIS QUESTION

Write the deductible amount of your UPP at **L** item **D9** on your tax return. Do not show cents. This amount cannot be more than the pension or annuity to which it relates—the amount shown at item **7**.

If you have more than one Australian pension, write the total of all the deductible amounts of your UPP at **L** item **D9**.

You have finished this question. Go to **CHECK THAT YOU HAVE . . .** on the next page.

Schedule of additional information

If you do not know how much of your UPP you can claim—the deductible amount—your payer may be able to tell you. Otherwise, you will need to provide as an attachment the answers to the questions below so the Tax Office can work it out for you.

Usually, when you start to receive a pension, the pension provider will give you a copy of the details regarding your pension. In addition, each year your pension provider must give you a payment summary for the year, and most pension providers also supply additional information with the payment summary. You may find the answers to many of the following questions in that additional information.

Print SCHEDULE OF ADDITIONAL INFORMATION—QUESTION D9 on the top of a separate piece of paper and tell us your name, address, tax file number and the answers to the following questions.

1 What is your date of birth?
2 On what date did your pension or annuity first become payable? This is the first day of the first payment period of the pension or annuity. (Check your original contract, information sheet, or contact your pension provider if you are unsure.)
3 What is the name of the provider or company paying your pension or annuity?
4 If you are receiving a superannuation pension:
   (a) What amount did you personally contribute to your superannuation provider after 30 June 1983?
   (b) For what part of this amount did you **not** get a tax deduction?
   (c) Have you rolled over any CGT exempt amounts to your superannuation provider? What is the amount?
5 If you are receiving a superannuation pension from a provider which has not paid tax on the contributions it received—such as some government funds—or your superannuation pension started before 1 July 1994, what amounts did you personally contribute towards your superannuation before 1 July 1983, for which you did not claim, and were not entitled to claim, a tax deduction or rebate? The Tax Office will insert this figure from information held if you do not have it.

6 If you are receiving an annuity or superannuation pension that you bought with one or more eligible termination payments (ETPs):

(a) What amounts of each component of the ETP did you roll over into the annuity or superannuation pension? (Your pension or annuity provider can give you this information.) Examples are: undeducted contributions, CGT exempt amounts, concessional components, invalidity components, pre-July 1983 or post-June 1983 components.

(b) Did you buy the superannuation pension or annuity you are now receiving with funds obtained solely from rolling over a previous superannuation pension or annuity? If so, when did you first start to receive payments under the previous superannuation pension or annuity?

NOTE

This information is important if you bought a pension or annuity on or after 1 July 1994 and the purchase price of the pension or annuity was derived wholly from funds obtained by rolling over a previous pension or annuity which had a starting date earlier than 1 July 1994.

7 If you are receiving an annuity that you bought with money other than as described in question 6 (on this page), how much did you pay for the annuity?

8 Is the period for which you will be receiving the pension or annuity fixed?

(a) If **YES**, how long is the period?

(b) If **NO**:

- What are the conditions under which the payments are made?
- Does your pension or annuity have a reversionary beneficiary—this is someone who will be entitled to receive all or part of your pension or annuity payments if you die? If so, what is the name and date of birth of this person?
- If you are receiving your pension or annuity because it reverted to you upon the death of someone else, what is the name, date of birth and tax file number of the person who died?

  On what date did the deceased person first receive the pension? (Your pension provider may be able to give you this information.)

9 If someone else is now entitled to a share of your pension or annuity, what is the percentage to which they are entitled?

10 When the pension or annuity stops, will an agreed lump sum—often called the residual capital value—become payable? If so, how much is this lump sum?

If you have commuted (or partially commuted) your pension into a lump sum during the year, the answers to the above questions and the information in the ETP payment summary will be used to recalculate the deductible amount.

Leave **L** item **D9** blank.

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

You have now completed this question.

CHECK THAT YOU HAVE . . .

- ☐ written on your tax return the total deductible amount of the undeducted purchase price of all your Australian pensions and annuities, if you know it
- ☐ attached to page 3 of your tax return your signed SCHEDULE OF ADDITIONAL INFORMATION—QUESTION D9, if you need to send us one.

NOTE

If you need information or assistance with this question, phone the Superannuation Infoline on **13 10 20**.

QUESTION D10

D10

COST OF MANAGING TAX AFFAIRS

Did you have expenses:

- **relating to managing your own tax affairs**
- **for advice relating to a claim for family tax benefit (FTB) lodged through the tax system**
- **imposed by the Tax Office as a general interest charge or as a penalty for underestimating a varied goods and services tax (GST) instalment**
- **for complying with your legal obligations relating to another person's tax affairs?**

NO Go to **DEDUCTIONS FROM THE SUPPLEMENTARY SECTION** on page 61.

YES Read below.

YOU NEED TO KNOW

Expenses for managing your own tax affairs

These include expenses relating to:

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

  You cannot claim for the cost of tax advice given by a person who is not a recognised tax adviser. A recognised tax adviser is a registered tax agent, barrister or solicitor.

  You cannot claim for the cost of tax advice given by other professionals, such as a financial planner or investment adviser, unless they are also recognised tax advisers.

> **NOTE**
>
> You can only claim fees paid to a registered tax agent for preparing or lodging your tax return if they were incurred in 2003–04. Generally, fees are incurred in the year in which they are paid.

- the cost of travel to the extent that it is associated with obtaining tax advice—for example, the travel costs of attending a meeting with a recognised tax adviser
- appealing to the Administrative Appeals Tribunal or courts, and
- obtaining a valuation needed for a deductible gift or donation of property or for a deduction for entering into a conservation covenant.

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

Expenses relating to an FTB tax claim

The cost of advice from a recognised tax adviser in relation to an FTB tax claim lodged with the Tax Office can be claimed at this question.

Expenses incurred as a general interest charge (GIC) or as a penalty for underestimating a varied GST instalment (GST underestimation penalty)

The Tax Office imposes a GIC on late payments of taxes and penalties, and where an amendment to your assessment results in an increase in your tax liability. If you have to, or have had to, pay a GIC or a GST underestimation penalty to the Tax Office in 2003–04, you can claim the expense at this question.

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

These include expenses relating to:

- complying with the pay as you go (PAYG) withholding obligations—for example, where you need to withhold tax from a payment to a supplier because the supplier did not quote an Australian business number, and
- providing information requested by the Tax Office about another taxpayer.

COMPLETING THIS QUESTION

STEP 1 Add up the amounts of your expenses for managing your own tax affairs, expenses relating to an FTB claim lodged through the tax system, any GIC or GST underestimation penalty you have incurred and any expenses for complying with your legal obligations relating to another person's tax affairs.

STEP 2 Write the total amount at **M** item **D10** on your tax return. Do not show cents.

> **NOTE**
>
> If you are in business and have elected to enter the simplified tax system (STS), you can only claim for expenses (other than expenses for lodging an FTB tax claim) at this question when you have paid them.

DEDUCTIONS FROM THE SUPPLEMENTARY SECTION

CAUTION

Read this question carefully—you may need to use *TaxPack 2004 supplement*.

Can you claim any of the following types of deductions?

- certain capital expenditure directly connected with a project
- Australian film industry incentives
- deductible amount of undeducted purchase price of a foreign pension or annuity
- deductible foreign exchange losses
- certain deductible capital expenditure not claimed in full prior to ceasing a primary production business
- election expenses for local, territory, state or Federal candidates
- interest incurred on money borrowed to invest under the land transport facilities tax offset scheme or infrastructure borrowings scheme
- insurance premiums paid for sickness and accident cover
- non-capital losses incurred upon the disposal or redemption of a traditional security
- non-employer sponsored superannuation contributions
- debt deductions incurred in earning certain foreign exempt income or in earning assessable income that have not been claimed elsewhere
- simplified tax system (STS) pool deductions which you can claim under the STS rules but you no longer carry on any business
- amounts deductible under the five-year write-off for certain business-related capital expenditure under section 40-880 of the *Income Tax Assessment Act 1997*, if you have ceased business or stopped carrying on your business as an individual
- deduction for the net personal services income loss of a personal services entity that relates to your personal services income.

NO Go to **TOTAL DEDUCTIONS** below.

YES You must complete the *2004 tax return for individuals* (supplementary section). Read below.

NOTE

The tax return (supplementary section) is located in the back of *TaxPack 2004 supplement*. If you don't already have a copy of *TaxPack 2004 supplement*, from 1 July to 31 October 2004 you can get a copy from most newsagencies. Copies are also available from our Publications Distribution Service (see the inside back cover of *TaxPack*) and from Tax Office locations all year.

COMPLETING THIS ITEM

STEP 1 Complete the details at the top of page 9 on your tax return (supplementary section)—if you haven't already done so. Use *TaxPack 2004 supplement* to complete the Deductions section.

STEP 2 Transfer the amount you wrote at **TOTAL SUPPLEMENT DEDUCTIONS** on page 11 to **D** on page 3 of your tax return.

TOTAL DEDUCTIONS

STEP 1 Add up all the deduction amounts in the right-hand column of items **D1** to **D10** and **D** on your tax return.

STEP 2 Write the amount from step 1 at **TOTAL DEDUCTIONS** on your tax return. Do not show cents. Read on.

SUBTOTAL

TOTAL INCOME OR LOSS less **TOTAL DEDUCTIONS**

If you have an amount at **TOTAL DEDUCTIONS** on your tax return, take it away from the amount at **TOTAL INCOME OR LOSS** on page 2 of your tax return. Write the result at **SUBTOTAL**.

If the amount at **SUBTOTAL** is less than zero, print **L** in the **LOSS** box ☐.

NOTE

If the amount at **TOTAL INCOME OR LOSS** is a loss, work out **SUBTOTAL** by increasing the amount of this loss (that is, by adding the amount at **TOTAL DEDUCTIONS** to it). Make sure you print **L** in the **LOSS** box ☐.

Losses

QUESTION L1

TAX LOSSES OF EARLIER INCOME YEARS CLAIMED THIS INCOME YEAR

Do you have any tax losses of earlier income years that you can claim this year?

This question only applies to losses incurred in relation to earning income from **Australian** sources.

A tax loss occurs when the total of your allowable deductions for an income year—excluding tax losses of earlier income years—is greater than the total of your assessable income and your net exempt income. However, some deductions, such as gifts or donations (see question **D8**) and personal superannuation contributions (see question **D13** in *TaxPack 2004 supplement*) are limited for this purpose and cannot be used either to create such a loss or to increase one.

You **cannot** claim a deduction for a tax loss of an earlier income year if your taxable income last year was greater than zero.

NO Go to **TAXABLE INCOME OR LOSS** on page 64.

YES Read below.

STOP

Do not show at this question:

- deferred non-commercial business losses from a prior year—show them at question **12 Partnerships and trusts** in *TaxPack 2004 supplement* for partnership activities or at item **P8** in the *2004 business and professional items schedule for individuals* for sole trader activities
- capital losses—these are explained in question **17 Capital gains** (*TaxPack 2004 supplement*)
- expenses and losses in relation to earning foreign source income—these are taken into account at question **19 Foreign source income and foreign assets or property**.

WHAT YOU MAY NEED

- records of your tax losses of earlier income years
- your foreign source income statement.

YOU NEED TO KNOW

Primary production losses may have been made in any income year. Non-primary production losses can be deducted from income in 2003–04 only if they were made in 1989–90 or a later year. Non-primary production losses made in 1988–89 and earlier income years can no longer be deducted from income.

Where you have tax losses for more than one earlier income year you must, generally, fully deduct the loss from the earliest year before you deduct a loss, or part of a loss, from a later year. A tax loss can only be deducted to the extent that it has not already been deducted.

Before you can deduct tax losses of earlier income years you must reduce them by net exempt income for the current year. Then the balance of tax losses of earlier income years, up to the amount included at **SUBTOTAL**, must be taken away from your Australian source income included at **SUBTOTAL**.

NOTE

Your tax losses of earlier income years can only reduce your **Australian** source income to zero. If your tax losses of earlier income years are more than your Australian source income you will need to keep a record of the losses to claim next year.

Net exempt income

For this question, net exempt income includes all your exempt income—including any exempt foreign employment income. To work out your net exempt income, if you are an Australian resident, you can deduct any non-capital expenses you have incurred in earning your exempt income and any foreign tax paid on that income.

Effect of bankruptcy

If you have become bankrupt, or are released from any debts by the operation of an Act relating to bankruptcy, tax losses of earlier income years incurred before the day on which you became bankrupt or were released from the debts generally cannot be claimed as a deduction in any income year following the year you became bankrupt or you were released from debt. For more information, phone the Personal Tax Infoline (see the inside back cover of *TaxPack*).

Australian losses and foreign source income

You can choose to use some or all of your tax losses of earlier income years incurred in earning Australian source income to reduce your net foreign source income, as shown in the example below. You may choose not to reduce your net foreign source income and instead return some or all of the net foreign source income as assessable income. A reason could be the availability of foreign tax credits on some or all of the net foreign source income ('net foreign source income' equals assessable foreign source income less those allowable expenses incurred in deriving the foreign source income).

EXAMPLE

Peter owns a smallgoods business and has accumulated non-primary production tax losses of earlier income years of $6,000. All losses were made in 1989–90 and later years.

He has no exempt income but received $1,500 income from Germany. He has elected to use $500 of his tax losses of earlier income years to reduce this foreign income.

Peter's total tax losses of earlier income years at the beginning of 2003–04	(a)	$6,000
Peter's net exempt income for 2003–04	(b)	nil
Take (b) away from (a)—this is the amount of losses available to Peter for 2003–04.	(c)	$6,000
The amount of tax losses of earlier income years Peter used to reduce net foreign source income	(d)	$ 500
Peter will show the balance of the foreign source income of $1,000 at item **19**.		
Take (d) away from (c)—this is the total tax losses of earlier income years available to Peter to reduce net Australian source income at **SUBTOTAL**.	(e)	$5,500

If Peter has at least $5,500 of net Australian source income at **SUBTOTAL** which he can reduce, Peter will show $5,500 at **Z** item **L1** on his tax return.

If you choose to use your tax losses of earlier income years in this way, you will need to provide additional information. Print SCHEDULE OF ADDITIONAL INFORMATION—QUESTION L1 on the top of a separate piece of paper and explain your situation. Include your name, address, tax file number and the amount of tax losses of earlier income years you have used to reduce your net foreign source income. Print **X** in the **YES** box at *Taxpayer's declaration* question 2a on page 8 of your tax return. Sign and attach your schedule to page 3 of your tax return.

COMPLETING THIS QUESTION

STEP 1 Use the worksheet in the next column to work out your total tax losses of earlier income years. You must show your losses separately—as a primary production loss and a non-primary production loss.

WORKSHEET

		Primary production loss	Non-primary production loss
Total tax losses of earlier income years at the beginning of 2003–04*	(a)	$	$
Net exempt income for 2003–04	(b)	$	$
Take (b) away from (a)—this is the amount of losses available this year.	(c)	$	$
Amount of tax losses of earlier income years used to reduce net foreign source income	(d)	$	$
Take (d) away from (c)—**these are your total tax losses of earlier income years available to deduct from your net Australian source income this year at SUBTOTAL.**		$	$

* If this includes a film loss, special deduction rules apply.

For more information, phone the Personal Tax Infoline (see the inside back cover of *TaxPack*).

NOTE

Do not include at (a) any non-primary production losses made in 1988–89 and earlier income years.

STEP 2 Write any tax losses of earlier income years from primary production from step 1 which you can deduct from your net Australian source income at **SUBTOTAL** at **F** item **L1** on your tax return. Do not show cents.

If your total tax losses of earlier income years from primary production from step 1 is greater than the amount you can deduct under step 2, you can carry forward the undeducted tax losses of earlier income years from primary production for deduction in future income years. Make sure you keep records of these amounts for future tax returns.

STEP 3 Write any tax losses of earlier income years from non-primary production from step 1 which you can deduct from the remainder of your net Australian source income at **SUBTOTAL** at **Z** item **L1**. Do not show cents.

If your total tax losses of earlier income years from non-primary production from step 1 is greater than the amount you can deduct under step 3, you can carry forward the undeducted tax losses of earlier income years from non-primary production for deduction in future income years.

TAXABLE INCOME OR LOSS

How you complete this item will depend on whether you completed **L1 Tax losses of earlier income years claimed this income year**.

IF YOU HAVE NOT COMPLETED L1

Transfer the amount you have shown at **SUBTOTAL** to **$** **TAXABLE INCOME OR LOSS**. Do not show cents. If the amount at **$** **TAXABLE INCOME OR LOSS** is less than zero, print **L** in the **LOSS** box.

> **NOTE**
>
> If the amount at **TAXABLE INCOME OR LOSS** is less than zero and you have printed **L** in the **LOSS** box, this amount may not be your tax loss that can be carried forward for next year. Adjustments may have to be made to limit certain deductions—for example, gifts or donations and personal superannuation contributions, to take into account any exempt income and to make other variations. Phone the Personal Tax Infoline (see the inside back cover of *TaxPack*) for more information.

IF YOU HAVE COMPLETED L1

Where the amount at SUBTOTAL is a loss

You cannot deduct tax losses of earlier income years and you should not have completed item **L1**—keep a record of these amounts for next year.

Transfer the amount you have written at **SUBTOTAL** to **$** **TAXABLE INCOME OR LOSS**. Do not show cents. Print **L** in the **LOSS** box.

Where the amount at SUBTOTAL is an income amount

Add the amounts at **F** and **Z** item **L1** and take the total away from the amount you have written at **SUBTOTAL**. Write the result at **$** **TAXABLE INCOME OR LOSS** on your tax return. Do not show cents.

Tax offset for low income taxpayer

If you are an Australian resident for tax purposes and your taxable income is less than $27,475 you may get a tax offset.

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

We will work out your tax offset and make sure it comes off your tax. The tax offset will be shown on your notice of assessment. If you want to work out your tax offset, go to page 116. **Do not include anything about this tax offset on your tax return**.

Child support clients

The Child Support Agency (CSA) may use your taxable income to make an assessment of child support.

The CSA will include your total reportable fringe benefits amounts, losses from rental properties and exempt foreign employment income when assessing child support liabilities.

INFORMATION

DEPENDANTS AND SEPARATE NET INCOME

The purpose of this section is to give you important information about dependants and separate net income. Various questions in *TaxPack* will refer you to this information when you need it.

WHO IS A DEPENDANT?

A dependant can be:

- your spouse—married or de facto
- a student who is under 25 years and is a full-time student at school, college or university
- a child—including your spouse's child, adopted child, stepchild or exnuptial child who is under 16 years and is not a student
- a child-housekeeper—your child of any age who works full-time keeping house for you
- an invalid relative—your child, brother or sister who is 16 years or over—who:
  - receives a disability support pension or a special needs disability support pension, or
  - has a certificate from a Commonwealth-approved doctor certifying a continuing inability to work, or
- your parents or spouse's parents.

A dependant needs to be an Australian resident for tax purposes (see page 10). For a spouse, student or child only, they will be treated as a resident if you have always lived in Australia or you came to live in Australia permanently—unless they have set up a permanent home outside Australia.

> **NOTE**
> You can claim a dependant tax offset only if you were an Australian resident for tax purposes.

Overseas dependants

Your spouse and dependent children who are waiting to migrate to Australia are considered to be your dependants for tax offset purposes but they must migrate within five years from when you came to live in Australia permanently. We may ask you to provide evidence.

WHAT IS MAINTAINING A DEPENDANT?

This means:

- you and the dependant resided together
- you gave the dependant food, clothing and lodging, or
- you helped them to pay for their living, medical and educational costs.

If you had a spouse for the whole year and your spouse worked for part of the year, you are still considered to have maintained your spouse—as a dependant—for the whole year.

You are considered to have maintained a dependant even if you were temporarily separated—for example, due to holidays. You are still considered to have maintained dependants who were overseas if they were away from Australia only for a short time.

If you maintained a dependant for only part of the year, you may need to adjust your claim.

WHAT IS SEPARATE NET INCOME?

Separate net income (SNI) is income and other specified amounts earned or received in 2003–04 by your dependant while you maintained them. SNI includes some amounts which are not included in the recipient's assessable income. SNI earned by your dependant may affect any claim you are entitled to. SNI includes:

- salary and wages
- pensions, including exempt pensions listed on page 12
- interest and dividend income—but not the franking credit (formerly called 'imputation credit') attached to franked dividends
- business, trust and rental income
- Veterans' Affairs and most Centrelink payments including parenting payment (partnered), remote area allowance and the language, literacy and numeracy supplement
- amounts included as assessable income under the capital gains tax provisions
- any maintenance payments your spouse received for their own support after divorce or separation—even though your spouse may not need to declare such income for tax purposes
- the maintenance or accommodation component of a scholarship paid by the Commonwealth or state except where that component is paid for helping to educate isolated children under 16.

SNI does not include:

- certain Centrelink payments
  - child care benefit
  - family tax benefit
  - the one-off payment of $600 per child announced in the 2004 Federal budget
  - maternity allowance
  - maternity immunisation allowance
  - carer allowance (but note that carer payments ARE included in SNI)
- the Japanese internment compensation payments made under the *Compensation (Japanese Internment) Act 2001* or the *Veterans' Entitlements Act 1986*
- compensation payments received under the German Forced Labour Compensation Programme (GFLCP)

- the value or amount of any non-government scholarship received in connection with the education of a dependent child or student
- the value or amount of any Commonwealth or state assistance provided for school fees, the purchase of textbooks or travelling expenses
- lump sum severance or retirement payments of a capital nature or as compensation payments for losing a job
- maintenance paid to your spouse for support of their dependent children
- any baby bonus
- amounts received under the incentive payments scheme relating to certain private health insurance policies.

In calculating separate net income (SNI) your dependant's income can be reduced by:

- any expenses which your dependant incurred in 2003–04 in earning their income and which they could claim as a deduction
- any amount your dependant could claim in 2003–04 for the deductible amount of undeducted purchase price of their pension or annuity at question **D9**, or question **D12** in *TaxPack 2004 supplement*
- net child care expenses incurred in 2003–04 by your dependant because they were working—that is, the amount paid by the dependant less any cash rebates—for example, child care benefit and rebates provided by an employer or union
- their expenses for travel during 2003–04 to and from child care—because they were working
- their expenses for travel during 2003–04 to and from work
- expenses your dependant incurred in 2003–04 in conducting a business activity that resulted in a deferred non-commercial business loss, even if they did not lodge a tax return.

Where any of the above expenses include car expenses, a calculation based on a rate per kilometre multiplied by the actual number of kilometres travelled is acceptable—see the cents per kilometre method described on page 40. If this method is used, the 5,000 kilometre limit does not apply for purposes of calculating the SNI of your dependant.

Your dependant does not need written evidence of expenses which reduce their SNI but they must be able to demonstrate that they actually incurred the relevant expenses.

Your dependant's SNI cannot be reduced by amounts paid by them for gifts, donations, tax agent fees, tax withheld, superannuation contributions, or any losses brought forward from 2002–03 or earlier years.

HOW MUCH SNI CAN YOUR DEPENDANT EARN?

For some claims, the amount you may be entitled to will be affected by the SNI of your dependants. For example, some tax offsets are reduced by $1 for every $4 of SNI over $282 which your dependants earned in 2003–04. The amount of SNI your dependants can earn is explained at each question.

NOTE

Tax offsets and your tax withheld

If your tax offset or family tax benefit entitlements have changed since you last filled in a *Withholding declaration* (NAT 3093—6.2004) authorising your payer to vary the amount of tax withheld, you may need to fill in a new declaration. If your family tax benefit entitlements have changed, you will also need to complete the *Withholding declaration Family tax benefit (FTB) worksheet* (NAT 7089—6.2004). Contact your payer for more information. Failure to fill in a new declaration may result in a tax debt.

Pages 71–91 tell you about tax offsets. For more information about family tax benefit, see pages 67–70.

INFORMATION
FAMILY TAX BENEFIT

NOTE

If you or your spouse had a baby or gained legal responsibility of a child aged under five—for example, through adoption—after 30 June 2001, you may be eligible for the baby bonus as well as family tax benefit. Read question **T6** on page 87 for more information about the baby bonus.

WHAT'S CHANGING WITH FAMILY TAX BENEFIT

- You now have up to two years after the end of the claim year to lodge a lump sum family tax benefit (FTB) claim. Previously, you only had one year. For example, you can lodge your 2004 family tax benefit (FTB) tax claim up until 30 June 2006. You can lodge your claim through either the Family Assistance Office (FAO) or the Tax Office.
- If you do not lodge your tax return (if required to lodge) within 12 months of the due date, a debt will be raised for the full amount of FTB you received in that year BUT
- If you lodge your tax return in the 12 months after the due date, you can have your non-lodgment debts cancelled and receive any FTB top-up payment you may be entitled to—although you may be subject to penalties for lodging a late tax return (see **Failure to lodge on time penalty** on page 9).

Did you have care of a dependent child under 21 (or under 25 if studying full-time) at any time between 1 July 2003 and 30 June 2004?

NOTE

'Care' means the day-to-day responsibility for the care, welfare and development of the child. Generally, day-to-day care includes physical care.

NO You cannot claim FTB and do not need to continue reading this information section. Go to **Tax offsets** on page 71.

YES Read on.

Did you or your spouse receive FTB payments directly from the FAO for the full financial year?

YES You do not need to lodge a claim. You only need to read Part B on page 69 to find out if you are eligible to claim a tax offset at question **T1**. Your FTB payments would have included FTB Part B if you satisfy the Part B eligibility tests. **If you or your spouse is required to lodge a tax return you must do so by the due date**—see **LODGE YOUR TAX RETURN BY 31 OCTOBER 2004** on page 8. If you lodge after this date you may incur penalties for late lodgment. If you have been paid too much FTB, the FAO will recover any amount you should not have received. Your tax refund—or your spouse's if they gave consent—can be used to recover these amounts directly. For more information on reconciliation of FTB see the publication *2004 family tax benefit (FTB) tax claim instructions* (NAT 4108—6.2004). Go to Part B on page 69.

NO Read on.

WHAT IS FAMILY TAX BENEFIT (FTB)?

FTB has two parts, Part A and Part B. Part A is designed to help with the cost of raising children. Part B is designed to give extra help to families with one main income, including single parent families. You may be eligible for Part A or Part B or both.

Part A is paid for each dependent child you care for where the dependent child is aged under 21, and for those dependent children aged 21 to under 25 who are studying full-time.

New legislation announced in the 2004 Federal budget will enable families who are entitled to Part A in 2004 to receive an additional payment of up to $600 per child, which will be paid on reconciliation of FTB—see **Reconciliation** on page 109.

Part B is paid for one child until the youngest child turns 16 or until the end of the calendar year in which the youngest child turns 18—provided the child is studying full-time and is not receiving a social security payment such as Youth Allowance or an education allowance such as ABSTUDY.

If you are eligible for FTB for a child that has died, you may be entitled to a bereavement payment. For more information visit the FAO or phone **13 61 50**.

ARE YOU ELIGIBLE FOR FTB?

To be eligible to claim FTB **you** must:

- have provided care to a **dependent child** (see the definition on the next page), AND
- have cared for a dependent child for a minimum of 10% of the assessment period, if you shared the child's care with another person who is not your current spouse (for example, if you shared the care over a full income year you must have cared for the dependent child for at least 37 nights of the 2003–04 income year), AND
- be an Australian resident and reside in Australia—or be the holder of certain temporary visas or a special category visa for the purposes of FTB. **Note**: You may be out of Australia on holidays and still be an Australian resident. If you are unsure of your residency status visit the FAO or phone **13 61 50**. (Note that having a tax file number does not mean that you are an Australian resident for family assistance purposes.)

DO YOU HAVE AN ELIGIBLE DEPENDENT CHILD?

To be eligible, your dependent child must:

- be in your care and you must be responsible (whether alone or jointly with someone else) for their day-to-day care, welfare and development
- be an Australian resident or live with you
- not be your spouse
- have resided in Australia for some of the period 1 July 2000 to 30 June 2004.

A child is not a dependent child if:

- they (or someone on their behalf, for example, a parent) received any of the payments listed at questions **5** and **6** on pages 22–3
- they are 16 or older and received payments under an ABSTUDY schooling or tertiary scheme, the Student Financial Supplement Scheme, the Veterans' Children Education Scheme, or the Post-graduate Awards Scheme
- they have an adjusted taxable income of more than the income limit in the table below.

Age of child	Income limits
Under 5 years	No limit
5 to 15 years studying full-time	No limit
5 to 15 years not studying full-time	$8,614
Aged 16 to under 25 years	$8,614

Do you satisfy the eligibility criteria AND does at least one dependent child or full-time student that you provide care for satisfy the dependent child eligibility criteria?

NO You are not eligible to claim family tax benefit. Go to **Tax offsets** on page 71.

YES Read on.

If you are unsure of how you would like to claim your family tax benefit (FTB), work through the following steps to find out which way is best for you.

STEP 1 Did you receive an income support payment from Centrelink for the whole income year? (Income support payments are listed at questions 5 and 6 on pages 22–3.)

NO Go to step 2.

YES Your FTB would have been paid in addition to your income support payment. You should not lodge an FTB tax claim. If you would like further information visit the Family Assistance Office (FAO) or phone **13 61 50**. Go to **Tax offsets** on page 71.

STEP 2 Was your family adjusted taxable income for the 2003–04 year less than $31,756?

NO You can choose how you would like to claim your FTB—from the Tax Office or from the Family Assistance Office (FAO). If you reduced your withholdings in anticipation of your FTB entitlement, you should claim through the Tax Office or you will incur a tax debt.

YES You may be entitled to a health care card. Health care cards are not available through the tax system. To receive your health care card you should claim your FTB directly from the Family Assistance Office (FAO). You may also be eligible for rent assistance—for more information regarding health care card and rent assistance contact the FAO on **13 61 50**. Go to **Tax offsets** on page 71.

If you would like to claim your FTB through the FAO—either as a lump sum or direct payments—contact the FAO on **13 61 50** to get a direct payment claim form. Otherwise, read on.

HOW DOES YOUR INCOME AFFECT YOUR FTB?

PART A

The amount of Part A you receive depends on your family adjusted taxable income (ATI). Your family ATI is the total of your and your spouse's ATI. Use the table on the next page to help you determine if you are entitled to any Part A. When using the table, use the age of your dependent child or children at 30 June 2004. If your dependent child turned 25 during the income year, count the child in the NUMBER OF DEPENDENT CHILDREN AGED 18 TO UNDER 25 row. A rate estimator is also available on the online services page of the FAO website at **www.familyassist.gov.au**

In the table on the next page:

If all your children were aged under 18 years at 30 June 2004, find the column that shows the number of dependent children you have. Your income limit is the amount shaded **blue** in your column.

If all your children were aged 18 to under 25 years, find the row that shows the number of dependent children you have. Your income limit is the amount shaded **pink** in your row.

If you have children in both age groups, find the column that shows the number of dependent children you had aged under 18 and the row that shows the number of dependent children you had aged 18 to under 25 years. Your income limit is the unshaded amount where your column and your row meet.

If your family adjusted taxable income is equal to or more than the income limits in the table you are not entitled to Part A, but you may be entitled to Part B. Read on.

> **!** NOTE
> You may become or cease to be eligible for Part A during the income year if your marital status changes or you gain the care of, or cease to care for, a dependent child.

EXAMPLE

If you had one dependent child aged under 18 years and no dependent children aged 18 to under 25, your income limit is $85,702. If you had no dependent children aged under 18 years and three dependent children aged 18 to under 25, your income limit is $103,332. If you have three dependent children aged under 18 years and two dependent children aged 18 to under 25, your income limit is $117,506.

PART A FAMILY ADJUSTED TAXABLE INCOME LIMIT

Number of dependent children 18 to under 25	Number of dependent children under 18: 0	1	2	3	4	5	6
0	Not eligible	$85,702	$92,637	$99,572	$107,286	$115,000	$122,713
1	$86,956	$93,891	$100,826	$108,539	$116,253	$123,967	$131,680
2	$95,144	$102,079	$109,792	$117,506	$125,220	$132,933	$140,647
3	$103,332	$111,046	$118,759	$126,473	$134,187	$141,900	$149,614
4	$112,299	$120,012	$127,726	$135,440	$143,153	$150,867	$158,581
5	$121,266	$128,979	$136,693	$144,407	$152,120	$159,834	$167,548
6	$130,232	$137,946	$145,660	$153,373	$161,087	$168,801	$176,514

Note:
- If you had more than six children in either age group add $7,714 for each dependent child aged under 18 and $8,967 for each one aged 18 to under 25 years.
- If you had triplets or greater and had full care of the children your income limit is increased by the multiple birth allowance: $9,490 for triplets and $12,654 for quadruplets or greater.

Are you entitled to Part A?

NO You may still be entitled to Part B. See Part B.

YES See **How to claim FTB from the tax office** in the next column. You may also be entitled to Part B. Read on.

Unsure?—visit the Family Assistance Office (FAO) or phone **13 61 50**.

PART B

If you were a **single parent** at any time during the claim period your income will not affect your Part B entitlement for that time.

If you were a **member of a couple**, only the lower earner's adjusted taxable income (ATI) is taken into account when determining entitlement to Part B. Use the table below to work out if you are entitled to Part B.

Age of dependent child	Lower earner's income limit at which Part B stops being paid
Under 5 years	$11,559
5 to 18 years*	$8,614

* If your youngest child was aged 16 to 18 at any time during the claim period you can only be entitled to Part B for that child if they were studying full-time. If the child was 18 you will be entitled to Part B until 31 December of the year they turned 18.

If you have a shared care arrangement for any of your children, Part B is calculated for each eligible child and payment is based on the child with the highest rate.

Are you entitled to Part B?

NO Go to **Tax offsets** on page 71.

YES See **How to claim FTB from the tax office** in the next column.

Unsure?—visit the FAO or phone **13 61 50**.

NOTE

If your entitlement to Part B was:
- for only part of the year—you may be able to claim a spouse tax offset at question **T1** for the rest of the year, or
- at a rate based on a child you or your spouse shared the care of with someone else, for example, an ex-spouse—you may be able to claim a spouse tax offset at question **T1** for the periods when the child was not in the care of you or your spouse.

HOW TO CLAIM FTB FROM THE TAX OFFICE

If you would like to claim your FTB through the Tax Office you will need to complete a separate form, the *2004 family tax benefit (FTB) tax claim* and then lodge it with or after your *2004 tax return for individuals*.

This form is included with the *2004 family tax benefit (FTB) tax claim instructions* (NAT 4108—6.2004). This publication is available on our website at **www.ato.gov.au** Or to find out how to get a printed copy, see the inside back cover of *TaxPack*. **An FTB tax claim for the 2003–04 financial year cannot be accepted after 30 June 2006.**

If you have a 2002–03 FTB tax claim that you have not lodged with the Tax Office you must do so by 30 June 2005.

EXPLANATION OF TERMS

Below is an explanation of terms used in this information section. If you are still unsure about a term after reading the explanation, visit the FAO or phone **13 61 50**.

Adjusted taxable income (ATI)

The components of adjusted taxable income are as follows:
- taxable income
- adjusted fringe benefits
- net rental property losses
- tax-free pensions or benefits, and
- target foreign income

less
- deductible child maintenance expenditure.

Each of these components is described in detail on the next page.

Taxable income

This is the amount that you have written at **TAXABLE INCOME OR LOSS** on your *2004 tax return for individuals*. If you have a taxable loss the amount to be included in your calculation of adjusted taxable income is zero.

If you are completing your family tax benefit (FTB) tax claim separately from your tax return, taxable income is also shown on your income tax notice of assessment issued by the Tax Office.

Adjusted fringe benefits

This is the reportable fringe benefits amount grossed down.

Any reportable fringe benefits will appear on your payment summary. You need to write the reportable amount on your FTB tax claim or on your tax return. The Family Assistance Office (FAO) will automatically reduce any amounts that appear on your payment summary to the adjusted amount.

To get your adjusted fringe benefits amount use the following formula:

Adjusted fringe benefits = reportable fringe benefits amount × 51.5%

Net rental property losses

Net rental property losses are shown at **Net rent** item **20** on your tax return. Only include this amount if you have shown a rental loss—you will have printed **L** in the **LOSS** box at the right of **Net rent**. The value of any net property loss is counted as income for adjustable taxable income (ATI) purposes.

Tax-free pensions or benefits

These are listed under **Pensions** on page 12 of *TaxPack*. For FTB purposes double orphan pension is not included.

Tax-free pensions or benefits do not include bereavement payment, pharmaceutical allowance, rent assistance, remote area allowance or language, literacy and numeracy supplement.

Target foreign income

Target foreign income is income, in Australian dollars, from sources outside Australia. Do not include any amounts you have already included in your taxable income and any foreign income received in the form of a fringe benefit.

If you received amounts of target foreign income throughout the income year, use the exchange rate applicable on 1 July 2004 to convert foreign amounts to Australian dollars. You will find the applicable exchange rates on the FAO website at **www.familyassist.gov.au** under **How to calculate income** or you can visit the FAO or phone **13 61 50**.

Deductible child maintenance expenditure

Deductible child maintenance expenditure is the amount of child maintenance (also known as child support) you are required to pay to another person to maintain your natural or adopted child. To work out your ATI **deduct** this amount from the total of all the other ATI amounts.

Assessment period

An assessment period is used to calculate your shared care percentage.

An assessment period BEGINS on the latest of:

- the day on which the care of the dependent child starts to be shared, or
- the day on which care arrangements for the dependent child change, or
- 1 July in the income year being claimed for.

An assessment period ENDS on the earlier of:

- 30 June of the income year in which the period begins, or
- the day on which the care arrangements of the dependent child change, or
- the day on which the care of the dependent child stops.

The assessment period is not affected if there are short-term absences (four weeks or less) or minor variations to your shared care arrangements—for example, if a child who normally stays with your ex-spouse for a weekend does not do so because of illness.

Care

Care means that you had responsibility for the day-to-day care, welfare and development of the child. Generally, day-to-day care includes physical care.

You can still care for your dependent child if they are being educated away from your home—for example, at university.

Full care

You had full care of your children if you and/or your current spouse cared for your children for the whole assessment period and you are claiming on behalf of your family.

Shared care

Shared care is where you and/or your spouse cared for a child for some of the time during the assessment period and someone else—for example, your ex-spouse—cared for the child for the rest of the time, such as weekends or school holidays. You can work out your shared care percentage as follows:

$$\frac{\text{Number of nights you and/or your spouse cared for the child in an assessment period}}{\text{Number of nights in the assessment period}} \times 100$$

You will need accurate records to claim your correct percentage of FTB, particularly if your care arrangements changed during the year. The percentage can be different for different periods if your pattern of care changed during the year. If you need help to work out your shared care percentage visit the FAO or phone **13 61 50**.

Spouse

Your spouse is the person to whom you were married or with whom you lived in a de facto relationship at any time during the claim period, provided you were not living separately and apart on a permanent or indefinite basis. You may have had more than one spouse during the claim period.

Tax offsets

Tax offsets provide you with tax relief. They are not deductions and most will not give you a refund. Deductions are taken off your income to work out your taxable income.

We work out the tax on your taxable income. The amount of this tax is then reduced by your tax offsets.

If your tax offsets are greater than the tax on your taxable income, they can only reduce the amount of tax you pay this year to zero. There are three exceptions that are refundable tax offsets—that is, where any excess is refunded to you:

- the 30% private health insurance rebate (see question **T5**)
- the franking tax offset (see question **11**)
- the baby bonus (see question **T6**).

Tax offsets, in general, do not reduce your Medicare levy—however, where you have excess refundable tax offsets available, these can be applied to reduce your tax, including Medicare levy.

Generally, being able to claim a tax offset depends on things like maintaining a dependant or living in a remote area—or on how much taxable income you earned.

QUESTION T1

SPOUSE (WITHOUT DEPENDENT CHILD OR STUDENT), CHILD-HOUSEKEEPER OR HOUSEKEEPER

Did you have any of the following for any part of the year:
- **a spouse**
- **a child-housekeeper, or**
- **a housekeeper?**

NOTE

A spouse can be married or de facto.

A child-housekeeper is your child, adopted child or stepchild who kept house for you full-time.

A housekeeper is someone who kept house for you full-time and also cared for your eligible dependent child, student or invalid relative or your dependent spouse who received a disability support pension.

NO Go to **ELIGIBILITY FOR THE SENIOR AUSTRALIANS TAX OFFSET** on page 79.

YES Go to part 1 below.

PART 1 Dependent spouse—married or de facto

You have a dependent spouse if you maintain them—read **What is maintaining a dependant?** on page 65.

Did you have a dependent spouse—married or de facto?

NO Go to part 2 on page 75.

YES Read on.

Did you have a dependent child or student for any part of the year?

NO Go to **DEPENDENT SPOUSE ELIGIBILITY CHECKLIST** in the next column.

YES Read on.

STOP

You cannot claim a spouse tax offset for any period that you or your spouse (during any period they were your spouse) were entitled to family tax benefit (FTB) Part B at a rate based on having full care of a child (full care rate). This rule applies even if neither you nor your spouse claimed FTB Part B when eligible to do so. To find out if you or your spouse were eligible for FTB Part B, you will need to read the information on family tax benefit at pages 67–70. Then return to this page and work through the questions in the next column.

Were you or your spouse (during any period they were your spouse) entitled to FTB Part B for the whole year?

NO Go to **DEPENDENT SPOUSE ELIGIBILITY CHECKLIST** below.

YES Read on.

Were you or your spouse (during any period they were your spouse) entitled to FTB Part B for any part of the year at a rate based on sharing the child with someone else, such as a former spouse (shared care rate)?

NO You cannot claim a dependent spouse tax offset or a child-housekeeper tax offset—go to part 3 on page 77.

YES Go to **DEPENDENT SPOUSE ELIGIBILITY CHECKLIST** below.

DEPENDENT SPOUSE ELIGIBILITY CHECKLIST

You are eligible to claim a dependent spouse tax offset for any period in 2003–04 that you had a spouse and you met ALL these tests:

- ☐ you maintained your spouse—see **What is maintaining a dependant?** on page 65.
- ☐ your spouse was a resident—if you are unsure read **Are you an Australian resident?** on page 10.
- ☐ you were a resident at any time in 2003–04.
- ☐ you (or your spouse if they were your spouse during that period) were NOT entitled to FTB Part B or were only entitled to it at the shared care rate (for more information on FTB, read pages 67–70).

NOTE

Your spouse's separate net income (SNI) for the period(s) you are claiming a spouse tax offset reduces your claim by $1 for every $4 by which the SNI exceeds $282 (see steps 6–10 of the worksheet on page 76). You cannot claim a spouse tax offset if you had a dependent spouse for the whole year and your spouse's SNI was more than $6,421. Read **What is separate net income?** on pages 65–6.

How much can you claim?

The maximum spouse tax offset you may be able to claim is $1,535. A partial tax offset may apply if you had a spouse for only part of the income year or if you met all of the eligibility tests for only part of the income year—for example, if your spouse ceased to be a resident during 2003–04 or you (or your spouse) were not entitled to FTB Part B for part of the year.

Are you eligible to claim a dependent spouse tax offset?

NO Go to part 2 on page 75.

YES Go to the table below. Follow steps 1–5 to work out your maximum available tax offset amount for the period(s) you are eligible to claim. Then follow steps 6–10 to work out your allowable tax offset claim after any reduction for your spouse's separate net income (SNI). Then work through steps 11–14, if they apply to you, to complete this section.

HOW TO CLAIM YOUR DEPENDENT SPOUSE TAX OFFSET

STEP 1 **If you had a dependent spouse for the whole year and neither you nor your spouse were entitled to family tax benefit (FTB) Part B at ANY time during the year:**

1. Write $1,535 at (a). (a) $
2. Go to step 5.

STEP 2 **If you had a dependent spouse for only part of the year and neither of you were entitled to FTB Part B during that period:**

1. Work out the number of days you had a spouse and multiply this number by $4.19 (the daily rate). Write the amount at (b). (b) $
2. Go to step 5.

STEP 3 **If you or your spouse were entitled to FTB Part B at any time during the year (see Example 1, page 74)**:

1. For the period you had a dependent spouse, work out the number of days that neither you nor your spouse were entitled to FTB Part B.
2. Multiply by $4.19 (the daily rate) the number of those days you worked out in 1. Write the amount at (c). (c) $

STEP 4 **If you or your spouse were entitled to FTB Part B at the shared care rate at any time during the year (see Example 2, page 74)**:

1. For the period you had a dependent spouse, work out the number of days that you or your spouse were entitled to FTB Part B at the shared care rate.
2. Multiply the number of the days worked out in 1. by $4.19 (or use $1,535 if you had a dependent spouse for the whole year).
3. Work out your shared care percentage—see explanation on page 70 and Example 2 on page 74.
4. Deduct your shared care percentage from 100%.
5. Multiply the amount you worked out in 2. by the percentage you worked out in 4. Write the amount at (d). (d) $

STEP 5 Add up any amounts at (a), (b), (c) and (d) and write the total at (e). This is your maximum available tax offset (it cannot be more than $1,535). (e) $

STEP 6 If your spouse's SNI for the year (or for the period you are claiming a spouse tax offset if this is not for the whole year) was less than $286, write the amount from (e) at (j) and then go to step 12. Otherwise, continue to step 7.

STEP 7 If your spouse's SNI was $286 or more, write at (f) their SNI for the year (or for the period you are claiming a spouse tax offset if this is not for the whole year). (f) $

STEP 8 SNI at which the tax offset begins to reduce (g) $282

Take (g) away from (f) and write the amount at (h). (h) $

STEP 9	Divide (h) by 4 and write the amount at (i).	(i)	$
STEP 10	Take (i) away from (e) and write the amount at (j).	(j)	$

STEP 11 If the amount at (j) is equal to or less than $0, you cannot claim a dependent spouse tax offset—go to part 2 on page 75.

If the amount at (j) is more than $0, this is your allowable tax offset—go to step 12.

STEP 12 Write your allowable tax offset from (j) at **P** item **T1** on your tax return, or on a piece of notepaper if you are going to claim a child-housekeeper or housekeeper tax offset for another part of the year. Do not show cents.

STEP 13 Leave blank the **CLAIM TYPE** box ☐ at the right of **P** item **T1**.

STEP 14 Complete **Spouse details—married or de facto** on pages 6–7 of your tax return. Provide relevant details including your spouse's separate net income (SNI) at **R**. If your spouse did not have any SNI write '**0**'. You must also complete **Your spouse's name** on page 1 of your tax return.

If you are going to claim a child-housekeeper or housekeeper tax offset, go to part 2 on page 75.

If not, go to **CHECK THAT YOU HAVE . . .** on page 78.

EXAMPLE 1—Eligible for family tax benefit (FTB) Part B at any time during the year (see step 3 from the table on page 73)

Sam re-partnered on 1 October 2003, so he had a spouse for 274 days during 2003–04.

From 1 October 2003 Sam had full care of Ella, his daughter from his previous relationship.

Ella left school at the end of the 2003 school year and she turned 16 on 30 April 2004.

Therefore, Sam was only entitled to FTB Part B for Ella from 1 October 2003 until 30 April 2004 (213 days).

Sam can claim a dependent spouse tax offset for 61 days (274 days he had a dependent spouse less the 213 days he was entitled to claim FTB Part B for Ella).

	Sam	You
1. For the period you had a dependent spouse, work out the number of days that neither you nor your spouse were entitled to claim FTB Part B.	61	
2. Multiply the number of days you worked out in 1. by $4.19 (the daily rate). Transfer this amount to (c) in the table on page 73.	$256	$

EXAMPLE 2—Eligible for FTB Part B at the shared care rate (see step 4 from the table on page 73)

Koby had a dependent spouse for the whole year.

Koby and his former spouse shared the care of their son, Aiodan, for the whole year. Koby's share of the care was 147 nights: Koby's shared care percentage for the year is 40% (147 nights divided by 366, multiplied by 100).

	Koby	You
1. For the period you had a dependent spouse, work out the number of days that you or your spouse were entitled to FTB Part B at the shared care rate.	366	
2. Multiply the number of days worked out in 1. by $4.19 (or use $1,535 if you had a dependent spouse for the whole year).	$1,535	$
3. Work out your shared care percentage—see above.	40%	%
4. Deduct your shared care percentage from 100%.	60%	%
5. Multiply the amount worked out in 2. by the percentage worked out in 4. Transfer this amount to (d) in the table on page 73.	$921	$

NOTE

If the shared care percentage changed during the year you will need to do this calculation for each period during the year that the percentage was different.

PART 2 Child-housekeeper

A child-housekeeper is your child, adopted child or stepchild who kept house for you full-time. A child who is a full-time student or a full-time employee is not considered to keep house full-time. Keeping house means more than just child minding or performing domestic duties. It includes having some responsibility for the general running of the household.

Did you have a child-housekeeper?

NO ☐ Go to part 3 on page 77.

YES ☐ Read on.

CHILD-HOUSEKEEPER ELIGIBILITY CHECKLIST

You are eligible to claim a child-housekeeper tax offset for any period in 2003–04 that you had a **child-housekeeper** and you met ALL these tests:

- ☐ you maintained your child-housekeeper—see **What is maintaining a dependant?** on page 65.
- ☐ your child-housekeeper was a resident—if you are unsure read **Are you an Australian resident?** on page 10.
- ☐ you were a resident at any time in 2003–04.
- ☐ you were NOT eligible for a dependent spouse tax offset under part 1 on page 72.
- ☐ you were NOT entitled to family tax benefit (FTB) Part B or were only entitled to it at the shared care rate—for more information on FTB, read pages 67–70.

> **NOTE**
>
> Your child-housekeeper's separate net income (SNI) for the period you are claiming reduces your claim by $1 for every $4 by which the SNI exceeds $282 (see steps 6–10 of the worksheet on page 76). You cannot claim a child-housekeeper tax offset if you had a child-housekeeper for the whole year and your child-housekeeper's SNI was over $6,421 (or $7,645 if you had an eligible dependent child or student). Read **What is separate net income?** on pages 65–6.

How much can you claim?

The maximum child-housekeeper tax offset you may be able to claim is $1,535 (or $1,841 if you had an eligible dependent child or student). A partial tax offset may apply if you had a child-housekeeper for only part of the year or if you met all the above eligibility tests for only part of the income year.

Are you eligible to claim a child-housekeeper tax offset?

NO ☐ Go to part 3

YES ☐ Go to the table below. Follow the steps to work out your allowable tax offset amount for the period(s) you are eligible to claim.

HOW TO CLAIM YOUR CHILD-HOUSEKEEPER TAX OFFSET

Use COLUMN 1 if you had a child-housekeeper and did not have another dependent child under 16 or student under 25.

Use COLUMN 2 if you had a child-housekeeper and another dependent child under 16 or student under 25 and the SNI of the dependent child or student was less than $1,786.

If the additional child or student was your dependant for only part of 2003–04, use the COLUMN 2 daily rate if their SNI was less than $282 plus $28.92 for each week you maintained them. Otherwise use the COLUMN 1 daily rate.

	COLUMN 1 No other dependent child or student	COLUMN 2 Another dependent child or student
	$1,535 for the whole year (maximum) or $4.19 a day	$1,841 for the whole year (maximum) or $5.03 a day
STEP 1 **If you had a child-housekeeper for the whole year and you were NOT entitled to family tax benefit (FTB) Part B at ANY time during the year:** 1. Write at (a): ■ $1,535 in COLUMN 1 if you had no other dependent child or student, or ■ $1,841 in COLUMN 2 if you had another dependent child or student. 2. Go to step 5.	(a) $	(a) $
STEP 2 **If you had a child-housekeeper for only part of the year and you were NOT entitled to FTB Part B at ANY time during that period:** 1. Work out how many days during the year you had a child-housekeeper. 2. Multiply the number of days that you worked out in 1. by the following daily rate: ■ $4.19 if you had no other dependent child or student (write the answer at (b) in COLUMN 1), or ■ $5.03 if you had another dependent child or student (write the answer at (b) in COLUMN 2). 3. Go to step 5.	(b) $	(b) $

		COLUMN 1	COLUMN 2
STEP 3	**If you were entitled to FTB Part B at any time during the year:** 1. Work out how many days during the year you had a child-housekeeper and you were NOT entitled to FTB Part B. 2. Multiply the number of days worked out in 1. by the following daily rate: ■ $4.19 if you had no other dependent child or student (write the answer at (c) in COLUMN 1), or ■ $5.03 if you had another dependent child or student (write the answer at (c) in COLUMN 2).	(c) $	(c) $
STEP 4	**If you were entitled to FTB Part B at the shared care rate at any time during the year:** 1. Work out how many days during the year you had a child-housekeeper and you were entitled to FTB Part B at the shared care rate. 2. Multiply the number of the days you worked out in 1. by the following daily rate: ■ $4.19 (or use $1,535 if you had a child-housekeeper for the whole year) if you had no other dependent child or student, or ■ $5.03 (or use $1,841 if you had a child-housekeeper for the whole year) if you had another dependent child or student. 3. Work out your shared care percentage—see explanation on page 70 and Example 2 on page 74. 4. Deduct your shared care percentage from 100%. 5. Multiply the amount you worked out in 2. by the percentage you worked out in 4. 6. Write the amount you worked out in 5. at (d) COLUMN 1 if you used $4.19 or (d) COLUMN 2 if you used $5.03.	(d) $	(d) $
	Note: If the shared care percentage changed during the year you will need to repeat this calculation for each of those periods, then add up these amounts.		
STEP 5	Add up any amounts at (a), (b), (c) and (d) and write the total at (e). This is your maximum available tax offset. The amount cannot be more than $1,535 (if COLUMN 1) or $1,841 (if COLUMN 2).	(e) $	(e) $
STEP 6	Write at **V** item **T1** on your tax return your child-housekeeper's separate net income (SNI) for the year (or for the period you are claiming a child-housekeeper tax offset, if this is not for the whole year). Do not show cents. If your child-housekeeper did not have any SNI write '**0**'. If your child-housekeeper's SNI was less than $286, you will receive the full tax offset shown at (e) in your column. This is your allowable tax offset—go to step 11. Otherwise, go to step 7.		
STEP 7	If your child-housekeeper's separate net income (SNI) was $286 or more, write at (f) their SNI for the year (or for the period you are claiming a child-housekeeper tax offset, if this is not for the whole year). Do not show cents. Make sure you have also written this amount at **V** item **T1** on your tax return.	(f) $	(f) $
STEP 8	SNI at which the tax offset begins to reduce	(g) $282	(g) $282
	Take (g) away from (f) and write the amount at (h).	(h) $	(h) $
STEP 9	Divide (h) by 4 and write the amount at (i).	(i) $	(i) $
STEP 10	Take (i) away from (e) at step 5 and write the amount at (j). If the amount at (j) is equal to or less than $0 you cannot claim a child-housekeeper tax offset—go to part 3 on the next page. If the amount at (j) is more than $0, this is your allowable tax offset—go to step 11.	(j) $	(j) $
STEP 11	Write your allowable tax offset at **P** item **T1** on your tax return or add it to the amount you are claiming for spouse tax offset. If you are not going to claim a housekeeper tax offset for another part of the year at part 3 of this question, write the total at **P** item **T1**. Do not show cents. If you are going to claim a housekeeper tax offset, write your tax offset entitlement so far on a piece of notepaper and go to part 3. Otherwise, continue to step 12.		
STEP 12	Print one of the following code letters in the **CLAIM TYPE** box at the right of **P** item **T1**: **H**—if you are claiming a child-housekeeper tax offset only **C**—if you are claiming a spouse tax offset for part of the year and a child-housekeeper tax offset for another part of the year.		

PART 3 Housekeeper

A housekeeper is a person who worked **full-time** in keeping house for you and cared for:

- a child of yours under 16, irrespective of the child's separate net income (SNI)
- any other child under 16 (including a student under 16) who was your dependant and whose SNI was less than $1,786
- your invalid relative who is your dependant (see page 65) and for whom you can claim a dependant tax offset—if you are unsure you will need to read question **T10** in *TaxPack 2004 supplement*, or
- your spouse who received a disability support pension.

Keeping house means more than just child minding or performing domestic duties. It includes having some responsibility for the general running of the household.

Did you have a housekeeper?

NO ☐ If you are claiming a tax offset at part 1 or part 2, go to **CHECK THAT YOU HAVE . . .** on page 78. If not, go to page 79.

YES ☐ Read on.

HOUSEKEEPER ELIGIBILITY CHECKLIST

If you were an Australian resident at any time in 2003–04, you are eligible to claim a housekeeper tax offset for any period in 2003–04 that you had a **housekeeper** and you met ALL the tests below for the category which applied to you:

YOU DID NOT HAVE A SPOUSE

- ☐ you were NOT entitled to claim a child-housekeeper tax offset under part 2 on page 75.
- ☐ you were NOT entitled to family tax benefit (FTB) Part B or were only entitled to it at the shared care rate—for more information on FTB read pages 67–70.

YOU HAD A SPOUSE WHO RECEIVED A DISABILITY SUPPORT PENSION

- ☐ you were not entitled to claim a child-housekeeper tax offset under part 2 on page 75.

YOU HAD A SPOUSE WHO DID NOT RECEIVE A DISABILITY SUPPORT PENSION

- ☐ you were NOT entitled to claim a dependent spouse tax offset under part 1 on page 72 or a child-housekeeper tax offset under part 2 on page 75.
- ☐ you or your spouse were NOT entitled to FTB Part B or were only entitled to it at the shared care rate—for more information on FTB, read pages 67–70.
- ☐ special circumstances apply—see **Where special circumstances apply** below.

Where special circumstances apply

Examples of special circumstances include:

- your spouse deserted you and your children—and you are not living in a de facto relationship
- you have a child with a severe mental disability who requires constant attention, or
- your spouse suffers from an extended mental illness and is medically certified as being unable to take part in the care of your children.

Where you consider that special circumstances apply, you will need to provide additional information. Print SCHEDULE OF ADDITIONAL INFORMATION—QUESTION T1 PART 3 on the top of a separate piece of paper and explain your situation. Include your name, address and tax file number. Print **X** in the **YES** box at *Taxpayer's declaration* question 2a on page 8 of your return. Sign and attach your schedule to page 3 of your tax return.

How much can you claim?

The maximum housekeeper tax offset you can claim is :

- $1,535, or
- $1,841 if you had an eligible dependent child or student.

A partial tax offset may apply if you had a housekeeper for only part of the income year or if you met all of the eligibility tests (for the category which applied to you) for only part of the income year.

Are you eligible to claim a housekeeper tax offset?

NO ☐ If you are claiming a tax offset at part 1 or part 2, go to **CHECK THAT YOU HAVE . . .** on page 78. If not, go to page 79.

YES ☐ Read on.

HOW TO CLAIM YOUR HOUSEKEEPER TAX OFFSET

	COLUMN 1 No dependent child or student	COLUMN 2 With a dependent child under 16 or a student under 25
	$1,535 for the whole year or $4.19 a day	$1,841 for the whole year or $5.03 a day

STEP 1 **If you are eligible for a housekeeper tax offset for the whole year AND:**

- **neither you, nor your spouse during any period they were your spouse, were entitled to family tax benefit (FTB) Part B at ANY time during the year, or**
- **your spouse received a disability support pension for the whole year**

1. Write the appropriate amount from COLUMN 1 ($1,535) or COLUMN 2 ($1,841) at (d) step 5, then follow the instructions in step 5.

STEP 2 **If you are eligible for a housekeeper tax offset for the whole year:**

1. Work out the number of days that:
   - neither you nor your spouse (during any period they were your spouse) were entitled to FTB Part B, or
   - either you or your spouse (during any period they were your spouse) were entitled to FTB Part B, but your spouse was receiving a disability support pension.
2. Multiply the number of days you worked out in 1. by the daily rate ($4.19 or $5.03). Write the amount you calculated at (a), then go to step 4.

	Column 1	Column 2
(a)	$	$

STEP 3 **If you are eligible for a housekeeper tax offset for only part of the year:**

1. Work out the number of days during that part year that:
   - neither you nor your spouse (during any period they were your spouse) were entitled to FTB Part B, or
   - either you or your spouse (during any period they were your spouse) were entitled to FTB Part B, but your spouse was receiving a disability support pension.
2. Multiply the number of days you worked out in 1. by the daily rate ($4.19 or $5.03) and write the amount you calculated at (b).

	Column 1	Column 2
(b)	$	$

STEP 4 **If—for any period during the year—you did NOT have a spouse receiving a disability support pension and you are eligible for a housekeeper tax offset:**

1. Work out the number of days during that period that you, or your spouse during any period they were your spouse, were entitled to FTB Part B based on a shared care rate.
2. Multiply the number of days by the daily rate ($4.19 or $5.03).
3. Multiply the amount you worked out in 2. by 100% minus the shared care percentage (see Example 2 on page 74) and write the amount you calculated at (c).

	Column 1	Column 2
(c)	$	$

Note: If the shared care percentage changes during the year you will need to do this step for each period during the year that the percentage was different.

STEP 5 Add up any amounts at (a), (b) and (c) and write the total at (d). If you are also claiming a spouse or child-housekeeper tax offset, add the amount at (d) to the other amount on your notepaper. Write the amount at (d) or the total from your notepaper at **P** item **T1**. Print the letter **C** in the **CLAIM TYPE** box ☐ at the right of **P** item **T1** on your tax return if you are also claiming a spouse tax offset. If not, print the letter **H**.

	Column 1	Column 2
(d)	$	$

CHECK THAT YOU HAVE . . .

- ☐ worked out your child-housekeeper's separate net income (SNI), if required, and written the amount on your tax return
- ☐ written on your tax return your total tax offset
- ☐ printed on your tax return the correct code letter in the **CLAIM TYPE** box ☐, if required
- ☐ completed **Spouse details—married or de facto—** including SNI, on pages 6–7 of your tax return and **Your spouse's name** on page 1 of your tax return
- ☐ attached to page 3 of your tax return your signed SCHEDULE OF ADDITIONAL INFORMATION—QUESTION T1 PART 3, if you need to send us one.

INFORMATION

ELIGIBILITY FOR THE SENIOR AUSTRALIANS TAX OFFSET

Eligibility for the Senior Australians tax offset depends on certain conditions. These conditions relate to such factors as age, income and eligibility for Commonwealth of Australia government pensions and similar payments.

You must meet conditions **1**, **2**, **3** AND **4**.

CONDITION 1

On 30 June 2004 you were:

- a male aged 65 years or more or a female aged 62.5 years or more

OR

- a male veteran or war widower aged 60 years or more or a female veteran or war widow aged 57.5 years or more.

> **NOTE**
>
> To meet the 'veteran' pension age you must be a person who served in the Australian Defence Force, or the defence force of a Commonwealth or allied country, or an Australian or allied mariner and who is eligible for a pension, allowance or benefit under the *Veterans' Entitlements Act 1986*. This includes a disability pension, service pension, or a white or gold Repatriation Health Card for treatment entitlements.
>
> To be a 'war widow' or 'war widower' you must be receiving a war widow's or war widower's pension from the Department of Veterans' Affairs (DVA) or receiving a foreign government pension of a similar nature to the Australian war widow's or war widower's pension.
>
> If you are unsure if you have eligibility under the *Veterans' Entitlements Act 1986* or you qualify for the veteran pension age, visit the DVA website at **www.dva.gov.au** or phone DVA on **13 32 54**.

CONDITION 2

You received a Commonwealth of Australia government age pension or a pension or allowance from DVA at any time during the 2003–04 income year

OR

you did not receive a Commonwealth of Australia government **age pension** because you did not make a claim, or because of the application of the income test or the assets test **AND** you satisfy **one** of the following:

- you have been an Australian resident for age pension purposes for either 10 continuous years, or more than 10 years, of which five years were continuous
- you have a qualifying residence exemption (arrived as refugee or under a special humanitarian program)
- you are a woman who was widowed in Australia (at a time when both you and your late partner were Australian residents) and you have 104 weeks residence immediately prior to the claim for age pension
- you received a widow B pension, widow allowance, mature age allowance or partner allowance immediately before turning age pension age, or
- you would qualify under an International Social Security Agreement.

(If you need assistance in determining your eligibility for a social security or Centrelink pension only, phone Centrelink on **13 23 00**; for all other enquiries relating to the Senior Australians tax offset phone the Tax Office directly on **13 28 61**.)

OR

you are **a veteran** with eligible war service or a Commonwealth veteran, allied veteran or allied mariner with qualifying service who is eligible for, but not receiving, a payment from DVA because you did not make a claim, or because of the application of the income test or the assets test. If you are not sure if you are eligible for a payment you can get further information from the DVA website or phone DVA.

CONDITION 3

You satisfy the income threshold that applies to you:

- You did not have a spouse—married or de facto—and your taxable income was **less than** $38,340.
- You did have a spouse—married or de facto—and the combined taxable income of you and your spouse was **less than** $59,244.
- You did have a spouse—married or de facto—and the combined taxable income of you and your spouse, where you 'had to live apart due to illness' or either of you was in a nursing home at any time in 2003–04, was **less than** $71,406.

The threshold amounts shown here relate to determining your eligibility for the Senior Australians tax offset—they are not tax-free thresholds.

> **NOTE**
>
> 'Had to live apart due to illness' is a term used to describe a situation where the living expenses of you and your spouse—married or de facto—are increased because you are unable to live together in your home due to the indefinitely continuing illness or infirmity of either or both of you.

CONDITION 4

You were not in prison for the whole income year.

If you meet conditions 1, 2, 3 and 4 described above, you are **eligible** for the Senior Australians tax offset. Being '**eligible**' does not mean you will be automatically **entitled** to get an amount of Senior Australians tax offset. Your own taxable income is used to work out the amount of your Senior Australians tax offset. The combined income amounts in condition 3 are used for eligibility purposes and not for working out the amount of your entitlement.

- Do you have to lodge a tax return? See page 2.

You must also complete question **T2** on pages 80–1.

QUESTION T2
SENIOR AUSTRALIANS

Are you eligible for the Senior Australians tax offset?

> **NOTE**
> If you are unsure, page 79 provides information on eligibility for this tax offset. If you have a spouse, you will also need to work out if your spouse is eligible.

NO Go to question **T3**.

YES Read below.

COMPLETING THIS QUESTION

STEP 1 Find the tax offset code letter that applies to your circumstances from the **TAX OFFSET CODE LETTERS** table below. This code letter tells us the amount of tax offset your entitlement will be based on.

TAX OFFSET CODE LETTERS	
If at any time during 2003–04, you were single, separated or widowed	A
If you and your spouse—married or de facto—'had to live apart due to illness' or either of you was in a nursing home at any time in 2003–04 and you are both eligible for the Senior Australians tax offset	B
If you and your spouse—married or de facto—'had to live apart due to illness' or either of you was in a nursing home at any time in 2003–04 but your spouse is **not** eligible for the Senior Australians tax offset	C
If you and your spouse—married or de facto—were living together and you are both eligible for the Senior Australians tax offset	D
If you and your spouse—married or de facto—were living together but your spouse is **not** eligible for the Senior Australians tax offset	E

> **NOTE**
> 'Had to live apart due to illness' is a term used to describe a situation where the living expenses of you and your spouse—married or de facto—are increased because you are unable to live together in your home due to the indefinitely continuing illness or infirmity of either or both of you.

If more than one code letter applies to you, read on. Otherwise, go to step 2.

Select the letter that appears first in the following order: **A**, **B**, **C**, **D**, **E**. For example, if both **B** and **D** apply to you, select **B**.

Exceptions to this rule:

- If both **A** and **B** apply to you and your spouse's taxable income was less than $16,883, select **B** as this gives you the correct tax offset. (Include in your spouse's taxable income any net income of a trust estate to which your spouse is presently entitled and on which the trustee is assessed under section 98 of the *Income Tax Assessment Act 1936*.)
- If both **A** and **C** apply to you, your spouse received a Commonwealth pension or allowance listed at question **6** and your spouse's taxable income is less than $15,365, select **C** as this gives you the correct tax offset.
- If both **A** and **D** apply to you, and your spouse's taxable income was less than $11,730, select **D** as this gives you the correct tax offset. (Include in your spouse's taxable income any net income of a trust estate to which your spouse is presently entitled and on which the trustee is assessed under section 98 of the Act.)
- If both **A** and **E** apply to you, your spouse received a Commonwealth pension or allowance as listed at question **6** and your spouse's taxable income was less than $10,683, select **E** as this gives you the correct tax offset.

STEP 2 Print your code letter from the table in the previous column in the **TAX OFFSET CODE** box at the right of **N** item **T2** on page 4 of your tax return.

> **NOTE**
> If you do not print a code letter on your tax return or you print an incorrect code letter, you may not receive your correct entitlement.

STEP 3 If you or your spouse is a veteran, war widow or war widower (see NOTE on page 79), read on. Otherwise go to step 4.

From the following list select the **veteran code** that applies to your circumstances:

- you are a veteran, war widow or war widower **V**
- your spouse is a veteran, war widow or war widower **W**
- if both **V** and **W** apply to you **X**

Print your veteran code in the **VETERAN CODE** box at the right **Y** item **T2** on page 4 of your tax return.

STEP 4 Have you used tax offset code (not veteran code) **B**, **C**, **D** or **E**? If so, you must complete **Spouse details—married or de facto** on pages 6–7 of your tax return. Provide relevant details **including**:

- your spouse's date of birth at **K**
- your spouse's taxable income at **O**—if this amount is zero, write '**0**'

- your spouse's share of trust income on which the trustee is assessed under section 98 of the Act, if it is not already included in your spouse's taxable income, at **T**—if this amount is zero, write '**0**'
- your spouse's Commonwealth government pension income, at **P**—if this amount is zero, write '**0**'
- your spouse's exempt pension income, at **Q**—if this amount is zero, write '**0**'.

Remember to complete **Your spouse's name** on page 1 of your tax return.

If you are eligible for the Senior Australians tax offset and your spouse is eligible for the Senior Australians or pensioner tax offset, and if either of you do not fully use your tax offset, any unused tax offset may be available for transfer to the other person. By using the amounts you write on the spouse details section of your tax return we will work out if you are entitled to have the unused portion of your spouse's tax offset transferred to you.

If an unused amount is available, we will make sure it is taken into account in working out your tax offset.

> **NOTE**
> In working out if there is any unused spouse's Senior Australians or pensioner tax offset available for transfer, your spouse's other credits and tax offsets are not taken into account.

EXAMPLE

Sonya is married to Russell and they have lived together for the whole income year. Russell— who is a veteran— has received a service pension. Sonya and Russell are both over pension age and their combined taxable income is less than $59,244. They are both eligible for the Senior Australians tax offset. Sonya's taxable income is $17,500 and Russell's is $8,300.

Sonya writes tax offset code letter **D** at **N** item **T2** on her tax return.

Sonya also writes veteran code letter **W** at **Y** item **T2** on her tax return.

Sonya completes **Spouse details—married or de facto** on pages 6–7 of her tax return, so any tax offset that Russell does not use will be automatically transferred to Sonya to be taken into account when her tax offset is calculated. She also completes **Your spouse's name** on page 1 of her tax return.

CHECK THAT YOU HAVE . . .

- ☐ written your tax offset code letter at **N** item **T2**
- ☐ if required, written your veteran code at **Y** item **T2**
- ☐ written the relevant amounts at **O**, **T**, **P** and **Q** **Spouse details—married or de facto** on page 7 of your tax return
- ☐ written your date of birth and your spouse's name on page 1 of your tax return.

> **NOTE**
> If you are eligible for the Senior Australians tax offset (that is, if you printed a tax offset code letter and a veteran code letter—if applicable—at item **T2** on your tax return) you cannot get the pensioner tax offset at question **T3**—go to **T4**. **Do not** complete question **T3 Pensioner** tax offset.

DO YOU WANT TO WORK OUT YOUR TAX OFFSET?

You do not have to work out your tax offset. We will work it out for you from your taxable income details and your tax offset code letter and your veteran code letter (if applicable). Make sure you print your code letter(s) at item **T2** on page 4 of your tax return.

If you do want to work out your tax offset, go to page 117.

QUESTION T3
PENSIONER

Did you show any income at question 6?
(See page 23.)

NO Go to question **T4**.

YES Read below.

Have you already claimed an offset at question T2?

NO Read below.

YES Go to question **T4**.

COMPLETING THIS QUESTION

STEP 1 Find the tax offset code letter that applies to your circumstances from the **Tax offset code letters** table below. This code letter tells us the amount of tax offset your entitlement will be based on.

TAX OFFSET CODE LETTERS	
If at any time during 2003–04 while you were receiving a Commonwealth of Australia government pension or allowance listed at question **6**:	
■ you were single, widowed or separated	**S**
■ you and your spouse—married or de facto—lived together	**P**
■ you and your spouse—married or de facto—had to live apart due to illness or either of you was in a nursing home	**I**
Where more than one code letter applies	
■ If both **P** and **I** apply to you, select	**I**
■ If **S**, **P** and **I** all apply to you, select	**J***
■ If both **S** and **I** apply to you, select	**J***
■ If both **S** and **P** apply to you, select	**Q***
* Tax offset codes **J** and **Q** are used to calculate correct entitlements in certain situations where more than one tax offset code applies.	

NOTE
'Had to live apart due to illness' is a term that relates to the payment of pensions. This would apply to you if you were paid the pension at a higher rate because you and your spouse were separated due to illness. If you are unsure check with Centrelink or the Department of Veterans' Affairs.

STEP 2 Print your tax offset code letter in the **TAX OFFSET CODE** box at the right of **O** item **T3** on page 4 of your tax return.

NOTE
If you do not print a code letter on your tax return or you print an incorrect code letter, you may not receive your correct entitlement.

STEP 3 If you or your spouse is a veteran, war widow or war widower (see NOTE on page 79) read on. Otherwise, go to step 4.

From the following list select the veteran code that applies to your circumstances:

- you are a veteran, war widow or war widower **V**
- your spouse is a veteran, war widow or war widower **W**
- if both **V** and **W** apply to you **X**

Print your veteran code in the **VETERAN CODE** box at the right of **T** item **T3** on page 4 of your tax return.

STEP 4 If your tax offset code (not veteran code) is **S** go to **CHECK THAT YOU HAVE . . .** on page 83. If your tax offset code is **P**, **Q**, **I** or **J** you must complete **Spouse details—married or de facto** on pages 6–7 of your tax return.

Provide relevant details including:

- your spouse's date of birth at **K**
- your spouse's taxable income at **O**—if this amount is zero, write '**0**'
- your spouse's share of trust income on which the trustee is assessed under section 98 of the *Income Tax Assessment Act 1936*, if it is not already included in your spouse's taxable income, at **T**—if this amount is zero, write '**0**'
- your spouse's government pensions at **P**—if this amount is zero, write '**0**'
- your spouse's exempt pension at **Q**—if this amount is zero, write '**0**'.

If both you and your spouse are eligible for the Senior Australians tax offset or pensioner tax offset and either of you do not fully use your tax offset, any unused tax offset may be available for transfer to the other person. By using the amounts you write on the spouse details section of your tax return we will work out if you are entitled to have the unused portion of your spouse's tax offset transferred to you. If an unused amount is available, we will make sure it is taken into account in working out your tax offset.

NOTE
In working out if there is any unused spouse's Senior Australians or pensioner tax offset available for transfer, your spouse's other credits and tax offsets are not taken into account.

CHECK THAT YOU HAVE . . .

- ☐ written your tax offset code letter at **O** item **T3**
- ☐ if required, written your veteran code letter at **T** item **T3**
- ☐ written the relevant amounts at **O**, **T**, **P** and **Q** **Spouse details—married or de facto** on page 7 of your tax return
- ☐ written your date of birth and your spouse's name on page 1 of your tax return.

DO YOU WANT TO WORK OUT YOUR TAX OFFSET?

You do not have to work out your tax offset. We will work it out for you from your taxable income details and your tax offset code letter and your veteran code letter (if applicable). Make sure you print your code letter(s) at item **T3** on page 4 of your tax return.

If you do want to work out your tax offset, go to page 117.

QUESTION T4

SUPERANNUATION ANNUITY AND PENSION

Did you:

- **make contributions to a complying superannuation fund or retirement savings account (RSA), or**
- **receive income—shown at item 7—from an Australian superannuation annuity or pension?**

NO Go to question **T5**.

YES Read below.

There are two parts to this question:

Part A describes the Super Co-contribution. If you are eligible for a Super Co-contribution you do not need to take any action.

Part B shows you how to calculate the superannuation annuity or pension tax offset.

PART A Did you make personal contributions to a complying superannuation fund or RSA?

NO Go to part B.

YES Read below.

YOU NEED TO KNOW

From 1 July 2003 the Super Co-contribution has replaced the superannuation tax offset for personal superannuation contributions.

How the Super Co-contribution works

The Government will match the eligible personal superannuation contributions with the Super Co-contribution up to an annual amount of $1,000. The maximum Super Co-contribution will apply to those with total assessable income and reportable fringe benefits of $27,500 or less and will begin to phase out for those on incomes between $27,500 and $40,000. If you have assessable income and reportable fringe benefits of $40,000 or more, you will not be entitled to the Super Co-contribution.

Are you eligible for the Super Co-contribution?

To be eligible for the Super Co-contribution you must, during the year of income, have:

- made personal superannuation contributions to a complying superannuation fund or RSA
- received or be entitled to receive employer superannuation support but not be eligible for a deduction for your personal contributions (**Note:** The Government is proposing that the law be amended to change this requirement to make more people eligible).
- total assessable income and reportable fringe benefits of less than $40,000, and
- not held an 'eligible temporary resident visa'.

You must also:

- lodge an income tax return for that year of income, and
- be less than 71 years old at the end of that year of income.

What are personal superannuation contributions?

The eligible personal superannuation contributions that will be matched for Super Co-contribution purposes are those contributions you made to a complying superannuation fund or RSA.

Personal superannuation contributions do not include contributions:

- made by your employer
- made as part of a salary sacrifice, or
- made on behalf of another person—for example, your spouse.

You are generally only entitled to the Super Co-contribution if you are not eligible to claim a deduction for any of your personal superannuation contributions (whether or not you do make such a claim). For more information see question **D13 Non-employer sponsored superannuation** in *TaxPack 2004 supplement*.

If you are eligible for the Super Co-contribution you do not need to take any action

The Tax Office will work out if you are eligible for the Super Co-contribution. We will calculate your Super Co-contribution entitlement based on information provided in your income tax return and contributions reported by your superannuation fund or RSA provider during the year of income.

Calculating the Super Co-contribution

The Super Co-contribution payable will be the lesser of:

- $1,000, reduced by 8 cents for each $1 of your assessable income plus reportable fringe benefits over $27,500, and
- the total amount of eligible personal superannuation contributions made by you in the year of income.

A minimum Super Co-contribution of $20 will be made during the year if you qualify for the Super Co-contribution, even if your entitlement would otherwise have been less than $20.

> **EXAMPLE**
>
> If you had assessable income and reportable fringe benefits of $30,000 and made eligible personal superannuation contributions of $1,000 (or more), you would receive an $800 Super Co-contribution.

Paying the Super Co-contribution

The Tax Office will pay the Super Co-contribution into one of your existing superannuation fund or retirement savings account (RSA) accounts. This will generally be the account that received your personal superannuation contributions during the year of income.

If you have more than one complying superannuation fund or RSA then we will determine which account is to receive the Super Co-contribution in accordance with the payment rules set out in the Regulations. You can also nominate a complying superannuation fund or RSA of your choice to receive the Super Co-contribution.

Notification of payment

Your superannuation fund or RSA provider will notify you of the amount of Super Co-contribution received on your annual membership statement for the financial year in which the Super Co-contribution was received.

The Tax Office will also provide a notice to you at the time the Super Co-contribution is paid and accepted by your superannuation fund or RSA.

Nominating a superannuation fund or RSA to receive the Super Co-contribution

If you wish to direct the Super Co-contribution to a complying superannuation fund or RSA of your choice, you must complete the *Superannuation fund nomination* (NAT 8676) available at **www.ato.gov.au/super**, or phone the Superannuation Infoline on **13 10 20** and they will post the form to you.

When nominating a payee you will need to provide details of your superannuation fund or RSA provider and account information. If you do not have this information you will need to contact your superannuation fund or RSA provider.

Payment of the Super Co-contribution to retirees or deceased estates

If you have retired and have been paid out your superannuation benefit, or you have rolled over your benefit into a fund that has commenced paying a pension, your Super Co-contribution may be paid directly to you.

If the person to whom the Super Co-contribution would have been paid is deceased, that person's legal representative will need to contact the Superannuation Infoline on **13 10 20** and make arrangements for this amount to be paid into the deceased person's estate.

PART B Did you receive income from an Australian superannuation annuity or pension?

If you showed income from an Australian annuity or pension at item **7** on your tax return, you may be entitled to a tax offset equal to 15% of all or part of your taxable pension or annuity income.

NO Go to **T5**.

YES Read below.

Before working out the tax offset, you will need to know the following about your pension or annuity:

- whether it qualifies for a tax offset; and how much of it is eligible for the tax offset. Contact your annuity or pension fund if you do not know either of these points
- the 'rebatable proportion'—this is the part of your pension or annuity that may be eligible for the pension tax offset. It may be one, less than one, or zero and depends on the type and amount of your pension or annuity. The rebatable proportion is determined by the Tax Office by measuring your pension or annuity against your reasonable benefit limit (RBL). Your rebatable proportion will be one unless you are issued with an RBL determination stating otherwise or you are receiving a pension that was previously payable to someone who has died and an RBL determination was issued for the pension when it originally commenced showing a rebatable proportion of less than one. Phone the Superannuation Infoline on **13 10 20** if you need assistance
- any deductible amount from item **D9**.

How to work out your pension or annuity tax offset

(a) Work through steps 1 to 3 if:

- you were 55 years of age before 1 July 2003
- you turned 55 on or after 1 July 2003 and your pension started on or after your 55th birthday, or
- you are receiving a death or disability pension at any age.

(b) Work through steps 4 to 11 if:

- you turned 55 years of age on or after 1 July 2003 and your pension started before your 55th birthday.

STEP 1 Take away any deductible amount at item **D9** from that part of your annuity or pension which is eligible for a tax offset.

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

STEP 3 Work out 15% of the answer you got at step 2. This is your tax offset. Go to **COMPLETING THIS QUESTION**.

STEP 4 Work out the amount of your annuity or pension that was paid to you on or after your 55th birthday.

STEP 5 Work out the number of days from your 55th birthday to 30 June 2004.

STEP 6 Work out the number of days from the day your annuity or pension started to 30 June 2004. If it started before 1 July 2003, use 366 days.

STEP 7 Divide the number of days at step 5 by the number of days at step 6.

STEP 8 Multiply any deductible amount (at item **D9**) by the answer you got at step 7.

STEP 9 Take away the answer you got at step 8 from the answer at step 4.

STEP 10 Multiply the answer you got at step 9 by the rebatable proportion of your annuity or pension. Your rebatable proportion will be one unless you are issued with a reasonable benefit limit determination stating otherwise.

STEP 11 Work out 15% of the answer you got at step 10. This is your annuity or pension tax offset. Read on.

COMPLETING THIS QUESTION

Write the total amount you are entitled to claim as a tax offset from part B of this question at **S** item **T4** on your tax return. Do not show cents.

QUESTION T5

30% PRIVATE HEALTH INSURANCE

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

NO Go to question **T6**.

YES Read below.

Did you receive your full entitlement to the 30% private health insurance rebate from your health fund or Medicare?

NO Read below.

YES Go to question **T6**.

YOU NEED TO KNOW

The private health insurance rebate is 30% of the premium paid to a registered health fund for appropriate private health insurance cover. The rebate is not affected by your level of income.

The rebate can be claimed as:

- a reduction in your private health insurance premium through the health fund
- a cash or cheque rebate from Medicare
- a refundable tax offset at the end of the income year through your tax return, or
- a combination of all options.

Are you eligible for the 30% private health insurance rebate?

You are eligible to claim the rebate if you have paid, or your employer has paid for you, the premium for an appropriate private health insurance policy. An 'appropriate private health insurance policy' is one provided by a registered health fund for hospital, ancillary—also known as 'Extras'—or combined hospital and ancillary cover where every person covered by the policy is a person who is eligible to claim benefits under the Medicare system. To find out if your health fund is a registered health fund, visit the Private Health Insurance Administration Council website at **www.phiac.gov.au**

> **NOTE**
> If two people make payments for the same policy—for example, you make payments from a joint bank account—each person can claim 30% of the proportion they paid.

How the rebate works

The rebate is based on the premium you paid, or your employer has paid for you, for appropriate health insurance cover including payments made for cover for more than one income year—you work out your entitlement at 30% of the premium paid.

If you had this policy in operation before 1 January 1999 you may be entitled to a higher amount under the Private Health Insurance Incentive Scheme (old incentive scheme). The statement you receive from your health fund will advise you if you have an eligible policy under the old incentive scheme by showing the amount you may be able to claim in the relevant box.

If your health fund statement shows an amount in the box for 'Private Health Insurance Incentive amount (subject to income tests)—label **G**'—this is the amount under the old incentive scheme—which is greater than the amount in the box for '30% Rebate on Private Health Insurance amount—label **G**', then you may be eligible to claim the higher amount. If you want to know more about calculating the Private Health Insurance Incentive amount or how to complete this item if you are claiming the higher amount under the old incentive scheme, you will need to view the instructions for completing this item which are available at **www.ato.gov.au** or phone the Personal Tax Infoline (see the inside back cover of *TaxPack*).

Did you receive a private health insurance statement from your health fund?

Your health fund should have sent you a statement showing the premium you have paid. If you paid a premium for more than one policy, you should have received a statement for each policy.

If you did not receive a statement for one or more of your policies you should contact your health fund or, if you know the premium you paid and any premium reduction you received from your health fund, you can still work out your entitlement from the steps following.

WHAT YOU MAY NEED

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

If you did not receive a statement you need:

- the amount of the premiums
- the number of days covered by private health insurance, and
- the amount of premium reduction received from your health fund.

> **NOTE**
> If you have a statement from all of the health funds you paid a premium to and the amounts at **G** on your statement(s) are '**0**' you have already received your full entitlement and you do not need to read any further in this question. Go to question **T6**.

COMPLETING THIS QUESTION

If you have more than one policy you will need to work through the steps below for each policy.

STEP 1 Where you have a statement for your policy

If you do not have a statement for any of your policies, go to step 2.

If you have a statement you can claim the 30% amount shown at **G** (30% Rebate on Private Health Insurance amount) on your statement less any cash or cheque rebate you have received from Medicare for your private health insurance premium. Go to WORKSHEET 1.

WORKSHEET 1

Amount shown at **G** on your statement	(a)	$
Amount of any cash or cheque rebate you have received from Medicare for your private health insurance premium	(b)	$
Take (b) away from (a).	(c)	$

If you have only one policy and:

- (c) is '**0**' or a negative amount, you have already received your full entitlement. Go to question **T6**.
- you have an amount at (c), this is the tax offset that you are eligible to claim on your tax return. Do not include cents. Go to step 4.

If you have more than one policy and you have statements for all of them, add up the (c) amounts (ignoring any negative amounts). The total is the tax offset that you are eligible to claim. Do not include cents. Go to step 4.

If you also have a policy for which you do **not** have a statement, go to step 2.

STEP 2 Where you do not have a statement

If you do not have a statement you need to use WORKSHEET 2 to help you calculate your tax offset entitlement.

The example on this page will help you with the worksheets.

WORKSHEET 2

Calculating the 30% amount

Total premiums paid during the year for the policy*	(d)	$
Multiply (d) by 30.	(e)	$
Divide (e) by 100.	(f)	$
Your premium reduction amount from your health fund—if any	(g)	$
Take (g) away from (f).	(h)	$
Amount of any cash or cheque rebate you have received from Medicare for your private health insurance premium	(i)	$
Take (i) away from (h).	(j)	$

* This is the total amount of premiums before any premium reduction or any cash or cheque rebate you have received from Medicare.

If you have only one policy, the amount at (j) is what you are entitled to claim. If (j) is '**0**' or a negative amount you have already received your full entitlement. Go to question **T6**. Otherwise go to step 4.

If you have more than one policy and you do not have statements for any of them, add up the (j) amounts (ignoring any negative amounts). The total is the tax offset that you are eligible to claim. Do not include cents. Go to step 4.

STEP 3 Where you have policies with and without a statement

Add the (c) amount(s) you have worked out at step 1 and the (j) amount(s) you have worked out from step 2 for each policy. This is the amount of tax offset that you are eligible to claim.

STEP 4 Write at **G** item **T5** on your tax return the amount of tax offset that you are eligible to claim. Do not show cents. You must also complete **Private health insurance policy details**—see page 92 in *TaxPack 2004* for assistance.

You have now completed this question. Go to question **T6**.

EXAMPLE OF HOW TO WORK OUT YOUR TAX OFFSET ENTITLEMENT

Scott has had a family policy for combined cover for himself, his wife Kylie, and their dependent child Carol. On 1 July 2003, Scott paid a further premium of $2,400 to continue the policy for another year. Scott did not receive a statement from his health fund.

On 1 May 2004 Carol turned 25 and therefore no longer qualified as a dependent child.

Scott received a $100 refund when the policy changed from a family policy to a couple policy. Scott did not receive a reduced premium or any cash or cheque rebate from Medicare.

Scott used WORKSHEET 2 to work out his 30% amount—$690 (30% of $2,400 – $100).

Scott will write $690 at **G** item **T5** and complete **Private health insurance policy details** on his tax return.

QUESTION T6

BABY BONUS

Have you had a baby or gained legal responsibility of a child aged under five after 30 June 2001?

> NOTE
>
> You can be **legally responsible** for a child if:
> - you are their birth parent, or
> - you have a court order giving you legal responsibility.

NO Go to **TAX OFFSETS FROM THE SUPPLEMENTARY SECTION** on page 91.

YES Read below.

YOU NEED TO KNOW

The mother is the person who will usually claim the baby bonus.

The baby bonus can be claimed each year until the child turns five. The baby bonus is paid whether or not you get any other family benefits and can be claimed even if you do not pay tax.

Go to **PART A** on this page if:
- this is the first year you will claim the baby bonus
- you were a transferee last year, **or**
- you are transferring your eligibility for the baby bonus to your spouse. You should only do this if your spouse was your spouse for the whole claim period and they would get a higher baby bonus amount than you. For more information visit the Tax Office website at **www.ato.gov.au** or phone the Personal Tax Infoline (see the inside back cover of *TaxPack*).

> NOTE
>
> **Transferee**—A transferee is someone who provided their spouse's details on last year's baby bonus claim.

Go to **PART B** on the next page if:
- you claimed the baby bonus last year and you are claiming for the same child this year
- the baby bonus was not transferred last year, **and**
- you are required to lodge a tax return this year.

If you do not meet **ALL** three of these points go to **PART A** in the next column.

PART A

You cannot claim the baby bonus at this question. How you claim the baby bonus this year depends on whether you are required to lodge a tax return this year.

If you are required to lodge a tax return for 2003–04, you need to get the *2004 baby bonus instructions and claim* (NAT 6580—6.2004), complete the claim and lodge it with your tax return.

If you are not required to lodge a tax return for 2003–04, you can lodge your baby bonus claim on its own by one of the following methods:
- Use e-tax to complete and lodge your claim over the internet from the Tax Office website at **www.ato.gov.au**
- Get the *2004 baby bonus instructions and claim* and complete it. If you claimed the baby bonus last year you can lodge your claim by mail or over the phone. If this is the first year you are claiming the baby bonus you can lodge your claim only by mail—you cannot lodge your claim over the phone.

To find out how to get this publication, see the inside back cover of *TaxPack*.

Now go to **TAX OFFSETS FROM THE SUPPLEMENTARY SECTION**.

PART B

Work through the following steps to determine the number of days that you are eligible to claim the baby bonus this year.

STEP 1

Write in box **A** the number of days in 2003–04 that **all** of the following applied to you at the same time:

- you had legal responsibility for and care of the child, and
- the child was under the age of five, and
- you were an Australian resident (see page 10). Go to step 2. **A**

If this was for the whole year write '366'.

EXAMPLE

Danielle is an Australian resident for tax purposes. She had legal responsibility for and care of Mitchell for the full year. Mitchell's fifth birthday was on 20 September 2003. Danielle would write 81 in box **A**, the number of days from 1 July to 19 September.

Bereavement

If your child died before their fifth birthday, write 366 in box **A** in step 1 and go to step 6.

CHILD'S FIFTH BIRTHDAY ON 1 JULY 2003

If your child turned five **on** 1 July 2003 and the income year you gained legal responsibility for the child is also your base year and you did not transfer your eligibility in your base year—write in box **A** in step 1 the number of days from the date you became legally responsible to 30 June of your base year. Go to step 6.

STEP 2

Did the legal responsibility for your child change—for example, through a court order during 2003–04?

This may affect the number of days you are eligible to claim and the steps you have to complete.

NO Go to step 6.

YES Go to step 3.

STEP 3

Was there another person (including your spouse) who had legal responsibility for and care of your child during any of the days you have written in box A?

NO Do not complete steps 4 and 5. Go to step 6.

YES Write in box **B** the total number of days that this applied. Go to step 4. **B**

STEP 4

Has this person been eligible for the baby bonus for another child without being a transferee?

NO Go to step 5.

YES You cannot claim for a full year. Take **B** away from **A**. Write this number in box **C**. This is your number of eligible days. Go to step 6. **C**

STEP 5

In the following list—birth mother, adoptive mother, any other woman, natural father, adoptive father, any other man—are you listed after the person referred to in step 4?

NO Go to step 6.

YES You cannot claim for a full year. Take **B** away from **A**. Write this number in box **D**. This is your number of eligible days. Go to step 6. **D**

STEP 6

The number of days you are eligible to claim the baby bonus will be the lowest number of days that you have written in boxes **A**, **C** or **D**. If you have not completed boxes **C** or **D** your number of eligible days is in box **A**. Write the number of eligible days at **H** item **T6** on your tax return.

If your child died during the year, print **B** in the **CODE** box at the right of **H** item **T6**. This will allow you to claim the baby bonus for another child in a later year.

Go to **TAX OFFSETS FROM THE SUPPLEMENTARY SECTION**.

TAX OFFSETS FROM THE SUPPLEMENTARY SECTION

CAUTION

Read this question carefully—you may need to use *TaxPack 2004 supplement*.

Are you entitled to claim a tax offset for any of the following?

- heritage conservation work
- interest from government securities
- interest from the land transport facilities tax offset scheme or infrastructure borrowings scheme
- landcare and water facility tax offset brought forward from an earlier year
- living in a remote or isolated area of Australia
- maintenance of your parent, spouse's parent or invalid relative
- net medical expenses over the threshold amount
- performing work or services in the Joint Petroleum Development Area (JPDA)
- serving overseas as a member of the Defence Force or a United Nations armed force
- superannuation contributions on behalf of your spouse

NO Go to **TOTAL TAX OFFSETS**.

YES You must complete the *2004 tax return for individuals (supplementary section)*. Read on.

COMPLETING THIS QUESTION

STEP 1 Complete the details at the top of page 9 on your tax return (supplementary section)—if you haven't already. Use *TaxPack 2004 supplement* to complete the tax offsets section.

STEP 2 Transfer the amount you wrote at **TOTAL SUPPLEMENT TAX OFFSETS** on page 12 to **T** on page 4 of your tax return.

NOTE

The supplementary section of the tax return is located in the back of *TaxPack 2004 supplement*. If you don't already have a copy of *TaxPack 2004 supplement*, from 1 July to 31 October 2004 you can get a copy from most newsagencies. Copies are also available from our Publications Distribution Service (see the inside back cover of *TaxPack*) and from Tax Office locations all year.

TOTAL TAX OFFSETS

STEP 1 Add up all the tax offset amounts at items **T1**, **T4**, **T5** and **T** in the right-hand column on your tax return.

STEP 2 Write the total amount at **U** **TOTAL TAX OFFSETS** on your tax return. Do not show cents. If you do not have any tax offsets, write '0'. Read on.

Tax offset for low income taxpayers

If you are an Australian resident for tax purposes and your taxable income is less than $27,475, you may get a tax offset.

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

We will work out your tax offset and make sure it comes off your tax. The tax offset will be shown on your notice of assessment. **Do not write anything about this tax offset on your tax return**.

ADJUSTMENTS FROM THE SUPPLEMENTARY SECTION

Did you receive a distribution for 2003–04 on which family trust distribution tax has been paid?

NO Read on.

YES Read question **A3** on page s60 in *TaxPack 2004 supplement*.

Did you receive a distribution of income from a trust on which the trustee was liable for ultimate beneficiary non-disclosure tax?

NO Read on.

YES Read question **A4** on page s61 in *TaxPack 2004 supplement*.

Did you make a payment to the Tax Office more than 14 days before the due date for payment?

NO Go to **Private health insurance policy details** on the next page.

YES Read question **C1** on page s62 in *TaxPack 2004 supplement*.

Private health insurance policy details

YOU NEED TO KNOW

The information on this page will help you complete **Private health insurance policy details** on page 4 of your tax return. You will need to complete this item if you claimed a tax offset at item **T5**. Question **M2 Medicare levy surcharge** on pages 98–101 in *TaxPack* may also direct you to complete this item.

If you received a statement from your registered health fund, your private health insurance policy details will be shown on the statement. If you did not receive a statement from your health fund, contact your fund. If you do not have a statement because your employer paid the premium for you, contact your fund or speak to your employer.

> **NOTE**
> To find out if your health fund is a registered health fund, visit the Private Health Insurance Administration Council website at **www.phiac.gov.au**

COMPLETING THIS QUESTION

STEP 1 Print the identification (ID) code of your health fund at **B** **Health fund ID** on your tax return.

STEP 2 Print your private health insurance membership number at **C** **Membership number**.

STEP 3 In the **Type of cover** box print the code letter that describes the type of private health insurance cover you had.

TYPE OF COVER	
	Code letter
Ancillary cover—also known as 'Extras'	**A**
Hospital cover	**H**
Combined hospital and Ancillary cover	**C**

> **NOTE**
> If you have used code letter **H** or **C** your liability for the Medicare levy surcharge may be reduced. Make sure you carefully read question **M2 Medicare levy surcharge** on pages 98–101 in *TaxPack*.

If you changed your type of cover during the year, print the code letter for the type of cover that gave you the highest level of cover. For example, if you had hospital cover and added ancillary cover during the year, use code letter **C**—for combined hospital and ancillary cover.

Did you have more than one policy during the year?

If you had up to five policies during 2003–04 you will need to complete steps 1 to 3 for each policy. If you had more than five policies during 2003–04, complete steps 1 to 3 for the first five policies, then on a separate piece of paper print SCHEDULE OF ADDITIONAL INFORMATION—PRIVATE HEALTH INSURANCE POLICY DETAILS. Tell us your name, address and tax file number, and list the ID code, membership number and type of cover for each of the other policies you held. Print **X** in the **YES** box at *Taxpayer's declaration* question 2a on page 8 of your tax return. Sign and attach your schedule to page 3 of your tax return.

Medicare levy

Medicare is the scheme which gives Australian residents access to health care.

To help fund the scheme, resident taxpayers are subject to a Medicare levy. Normally, your Medicare levy is calculated at 1.5% of your taxable income. A variation to this calculation may occur in certain circumstances.

Generally, tax offsets do not reduce your Medicare levy. However, where you have excess refundable tax offsets available, these can be applied to reduce your tax, including Medicare levy. (For more information on refundable tax offsets—for example, the 30% private health insurance rebate—see page 71.)

In some cases you may be exempt from the levy or it may be reduced—this is the subject of question **M1**. You only need to complete this question if you belong to an exemption category or you are able to claim a reduction based on family income. Read pages 94–7 to work out if you are eligible for the exemption or the reduction based on family income.

Individuals and families on higher incomes who do not have private patient hospital cover may have to pay the Medicare levy surcharge—this is the subject of question **M2**.

This surcharge is in addition to the Medicare levy and is calculated at 1% of your taxable income (including your total reportable fringe benefits). You will need to read pages 98–101 to see if you have to pay the surcharge.

QUESTION M2 IS COMPULSORY FOR ALL TAXPAYERS.
If you do not complete item **M2** on your tax return you may be charged the full Medicare levy surcharge.

QUESTION M1

M1

MEDICARE LEVY REDUCTION OR EXEMPTION

MEDICARE LEVY REDUCTION OR EXEMPTION

Were you a low income earner or in one of the Medicare levy reduction or exemption categories?

Information to help you decide whether you are eligible for a Medicare levy reduction or exemption is given below.

NO Go to question **M2**.

YES Read below.

YOU NEED TO KNOW

Most Australians are liable to pay the Medicare levy.

The standard levy is 1.5% of your taxable income—however, this may vary according to your circumstances. Your taxable income is usually the amount you wrote at **TAXABLE INCOME OR LOSS** on page 3 of your tax return.

> **NOTE**
>
> For Medicare levy purposes, taxable income excludes any post-June 1983 elements of an eligible termination payment where the maximum tax rate is zero (see question **4** on pages 18–21). If you are unsure of the tax rate, phone the Superannuation Infoline on **13 10 20** for assistance.

WHAT YOU MAY NEED

- your 2003–04 taxable income
- the 2003–04 taxable income of your spouse—married or de facto—if you had a spouse on 30 June 2004. If your spouse died during 2003–04 and you did not have another spouse before the end of the year, you are considered to have had a spouse on 30 June 2004 for the purposes of calculating any Medicare levy reductions based on family income
- the number of your dependent children and students during 2003–04
- the number of days you, your spouse and dependent children and students were in an exemption category—see page 96.

PART A Low income earner

	Relevant threshold amount	Phase-in limit
If you are eligible for the Senior Australians tax offset (see page 79)	$20,500	$22,162
If you are eligible for the pensioner tax offset (see pages 82–3)	$18,141	$19,611
All other taxpayers	$15,529	$16,788

You do not need to complete this question if:

- your taxable income was at or below the relevant threshold amount. You do not have to pay the Medicare levy. Do not write anything at item **M1** on your tax return. Go to question **M2**
- your taxable income was more than the relevant threshold amount but equal to or less than the phase-in limit and you were not in either a Medicare levy reduction category based on family income—see part B on this page—or in one of the exemption categories on page 96. Your levy is reduced—calculated at 20 cents for every dollar above the relevant threshold amount but at or below the phase-in limit. Do not write anything at item **M1**. We will work out how much Medicare levy you have to pay. Go to question **M2**.

> **NOTE**
>
> Some of the amounts in the tables on pages 94–5 reflect proposed changes to Medicare levy thresholds for 2003–04. At the time of printing *TaxPack* these changes had not become law.
>
> The Tax Office will work out your Medicare levy, including any Medicare levy reduction, from the information you provide on your tax return.

If the above points do not apply to you, read on.

PART B Medicare levy reductions based on family income

In part B, 'dependent children and students' means:

- any child under 16 you maintained who was not a full-time student and whose separate net income was less than $1,786 (for the first child) or $1,410 (for any additional child)
- any full-time student under 25 you maintained whose separate net income was less than $1,786.

> **NOTE**
>
> See **What is maintaining a dependant?** and **What is separate net income?** on pages 65–6.

If you were not married on 30 June 2004, or were married but living separately and apart from your spouse, for any child or student to be included within the term 'dependent children and students', family tax benefit must have been payable to you in respect of that child or student for the whole or part of 2003–04 (see pages 67–70).

Part B categories

If your taxable income was above the relevant threshold amount in part A, you may still be eligible for a reduced levy based on your family income.

To be eligible for a reduced levy based on family income, you must have been in one of the following categories:

- You had a spouse—married or de facto—on 30 June 2004.
- Your spouse died during 2003–04 and you did not have another spouse before the end of the year.
- You are entitled to a child-housekeeper or housekeeper tax offset at item **T1** on your tax return or would be entitled if you were not eligible for the family tax benefit—see pages 67–70.
- You were a sole parent at any time during 2003–04—that is, you had sole care of any dependent children or students. This includes any child for whom you had sole care, not just your own child.

  Sole care means that you alone had full responsibility, on a day-to-day basis, for the upbringing, welfare and maintenance of a child or student. You are not considered to have sole care if you are living with a spouse—married or de facto—unless special circumstances exist. Generally, for special circumstances to exist, you must be financially responsible for the dependent child or student and have sole care, without the support a spouse normally provides.

  Examples of situations where special circumstances may arise:
  - You were married at any time during 2003–04, but during the year you separated from or were deserted by your spouse, and for that period you were not in a de facto relationship.
  - Your spouse was in prison for a sentence of at least 12 months.
  - Your spouse is medically certified as being permanently mentally incapable of taking part in caring for the child or student.

  If you are unsure of whether special circumstances apply phone the Personal Tax Infoline (see the inside back cover of *TaxPack*).

Your family income is the combined taxable income for Medicare levy purposes (see the first NOTE on page 94) of you and your spouse—if you had a spouse on 30 June 2004 or your spouse died during the year. Otherwise, it is your taxable income.

If you were in one of the part B categories above and your family income was less than or equal to the relevant lower income limit in the family income table in the next column that applies to your circumstances, you do not pay the levy. However, you still need to complete steps 1 and 2. Go to step 1.

If your family income was greater than the relevant lower income limit but less than or equal to the relevant upper income limit, you pay a reduced levy. Go to step 1.

If your family income is above the relevant upper income limit you do not qualify for a reduced levy. Go to MEDICARE LEVY EXEMPTION CATEGORIES on page 96.

There are two family income tables shown in the next column. Use FAMILY INCOME TABLE 1 if you are eligible for the Senior Australians tax offset. Use FAMILY INCOME TABLE 2 in all other circumstances.

FAMILY INCOME TABLE 1—for taxpayers who are eligible for the Senior Australians tax offset

Number of dependent children and students during 2003–04	Lower income limit	Upper income limit
0	$31,729	$34,301
1	$34,135	$36,902
2	$36,541	$39,503
3	$38,947	$42,104
4	$41,353	$44,705

If you have more than four dependent children or students, you can extend this table. The lower income limit increases by $2,406 for each additional child or student and the upper income limit increases by $2,601 for each additional child or student.

FAMILY INCOME TABLE 2—for all other taxpayers

Number of dependent children and students during 2003–04	Lower income limit	Upper income limit
0	$26,205	$28,329
1	$28,611	$30,930
2	$31,017	$33,531
3	$33,423	$36,132
4	$35,829	$38,734

If you have more than four dependent children or students, you can extend this table. The lower income limit increases by $2,406 for each additional child or student and the upper income limit increases by $2,601 for each additional child or student.

To claim your reduced levy:

STEP 1 If you had a spouse at 30 June 2004 or your spouse died during the year, you must complete **Spouse details—married or de facto** on pages 6–7 of your tax return. You must also complete **Your spouse's name** on page 1 of your tax return. Where the taxable income of your spouse includes any post-June 1983 elements of an eligible termination payment where the maximum tax rate is zero, print SCHEDULE OF ADDITIONAL INFORMATION—QUESTION M1 SPOUSE'S TAXABLE INCOME on a separate piece of paper and write this amount. Include your name, address and tax file number. Print **X** in the **YES** box at *Taxpayer's declaration* question 2a on page 8 of your tax return. Sign and attach your schedule to page 3 of your tax return.

STEP 2 Write the number of your dependent children and students at **Y** item **M1** on your tax return.

If you had none, write '**0**'. We will work out your reduced levy based on this information. If you wish to calculate the levy yourself, see pages 118–9.

NOTE

If you received any exempt foreign employment income a special formula is used to work out the amount of tax—including Medicare levy—you have to pay on your taxable income. You will not be able to work out your Medicare levy. We will work it out for you.

Read on to see if you are entitled to an exemption.

MEDICARE LEVY EXEMPTION CATEGORIES

You were in one of the exemption categories if:

1 You were a blind pensioner or you received the sickness allowance from Centrelink.
2 You were entitled to full free medical treatment for all conditions under Defence Force arrangements or Veterans' Affairs Repatriation Health Card (Gold Card) or repatriation arrangements.
3 You were not an Australian resident for tax purposes.
4 You were a resident of Norfolk Island.
5 You were a member of a diplomatic mission or consular post in Australia—or a member of such a person's family and you were living with them—and you were not an Australian citizen and you do not ordinarily live in Australia.
6 You have a certificate from the Medicare Levy Exemption Certification Unit of the Health Insurance Commission showing that you are not entitled to Medicare benefits. A letter from Medicare is not sufficient.

If you were not in one of these exemption categories, you are not entitled to an exemption. Go to question M2.

If you were in exemption category 3 or 4 for the whole income year you qualify for a full Medicare levy exemption regardless of whether or not you had dependants. Write '366' at V item M1 on your tax return and go to question M2.

If you were in any other exemption category, or were in exemption category 3 or 4 for only part of 2003–04, you will need to read part C and/or part D.

YOU NEED TO KNOW

For parts C and D, 'dependant' means an Australian resident you maintained who was:

- your spouse
- a child of yours aged less than 16 years, or
- a child of yours aged 16 years or over but less than 25 years who was receiving full-time education at a school, college or university and whose separate net income was less than $1,786.

See **What is maintaining a dependant?** and **What is separate net income?** on pages 65–6.

If the parents of a child lived separately or apart for all or part of the income year and the child was a dependant of each of them, the child is treated as a dependant of each parent based on the percentage of family tax benefit Part A that was paid or is payable for that child in respect of that period.

EXAMPLE

Leanne is a member of the Defence Forces for the whole income year. She shares the care of Daniel with her ex-spouse and receives 14% family tax benefit Part A based on the shared care arrangement. This means that Daniel is considered to be Leanne's dependant for Medicare levy exemption purposes for 51 days (14% of 366) during the year.

PART C Full levy exemption for all or part of 2003–04

CATEGORY 1 OR 2

You will qualify for a full exemption from the Medicare levy for a period in 2003–04 if you were in exemption category 1 or 2 in the previous column and you satisfied any of the following conditions during the whole of that period:

- You had no dependants for the period.
- All your dependants (including your spouse if you had one) were either in one of the exemption categories also, or had to pay the Medicare levy. For example, your only dependant was your spouse who was not in an exemption category and has to pay the Medicare levy.
- You had dependent children who were not in an exemption category but they were also dependants of your spouse, who either:
  - has to pay the Medicare levy, or
  - was in exemption category 1 or 2 and you have completed a **FAMILY AGREEMENT** on page 97, declaring that your spouse will pay the half levy for your joint dependants.

To be eligible to complete a **FAMILY AGREEMENT** it is a condition that both you and your spouse would, apart from your exempt category status, have to pay the Medicare levy.

CATEGORY 3 OR 4 FOR PART OF THE INCOME YEAR, OR CATEGORY 5 OR 6

If you were in exemption category 3 or 4 in the previous column for only part of 2003–04 or exemption category 5 or 6 for any period of 2003–04, you will qualify for a full Medicare levy exemption for that period if one of the following conditions applied:

- you had no dependants for that period, or
- all your dependants were in an exemption category for that period.

If you meet any of the conditions for any exemption category you were in, go to step 1 on the next page.

If you do not meet any of the conditions for any exemption category you were in:

- **go to part D if you were in exemption category 1 or 2 for a period in 2003–04, or**
- **go to question M2 if you were not in exemption category 1 or 2 for a period in 2003–04.**

To get a full levy exemption for a period:

STEP 1 Write the total number of days that you and your dependants—if any—met the required conditions, at **V** item **M1** on your tax return.

If you were in more than one exemption category and the time you were in one exemption category overlaps with the time you were in another exemption category, only add up the number of days from the day you started in the first category to the last day you were in the last category.

Example: You were in category 1 for the period 1 August to 30 September and category 2 from 15 September to 1 November. The number of days from 1 August to 1 November is 93 days. You would show 93 days at **V** item **M1**.

STEP 2 If you have completed **V** and you are in exemption category 6 print the letter **C** in the **CLAIM TYPE** box at the right of **V** item **M1**.

Otherwise leave the box blank.

STEP 3 If you had a spouse at any time in 2003–04 you must complete **Spouse details—married or de facto** on pages 6–7 of your tax return. You must also complete **Your spouse's name** on page 1 of your tax return.

STEP 4 If the number of days you wrote at V is 366, you will not have to pay any Medicare levy. You have finished this question. Go to question M2.

If you were in exemption category 3, 4, 5 or 6, you have finished this question. Go to question M2.

If the number of days you wrote at V is less than 366, and you were in exemption category 1 or 2, you may qualify for a half levy exemption. Read on.

PART D Half levy exemption for all or part of 2003–04

You will qualify for a half exemption from the Medicare levy for a period in 2003–04 if you were in exemption category 1 or 2 on page 96 and you satisfied any of the following conditions during the whole of that period:

- you had at least one dependant—for example, a spouse—who was not in one of the exemption categories and who did not have to pay the Medicare levy (for example, because they were a low income earner—see part A)
- your spouse was in exemption category 1 or 2 on page 96 and you had a child who was a dependant of both you and your spouse and the child was not in an exemption category. In this case, either you or your spouse can claim a full levy exemption at part C and the other can claim a half levy exemption at part D by completing a **FAMILY AGREEMENT** in the next column.

If you do not meet one of these conditions, go to question M2.

To get a half levy exemption for a period:

STEP 1 Write the total number of days that you and your dependants met the required conditions, at **W** item **M1** on your tax return.

If you were in both exemption categories and the time you were in one exemption category overlaps with the time you were in the other exemption category, only add up the number of days from the day you started in the first category to the last day you were in the second category.

Example: You were in category 1 for the period 1 August to 30 September and category 2 from 15 September to 1 November. The number of days from 1 August to 1 November is 93 days. You would show 93 days at **W** item **M1**.

STEP 2 If you had a spouse at any time during 2003–04 you must complete **Spouse details—married or de facto** on pages 6–7 of your tax return. You must also complete **Your spouse's name** on page 1 of your tax return.

STEP 3 If you had a child who was a dependant of both you and your spouse and you are claiming a half levy exemption under part D, both you and your spouse will need to complete a **FAMILY AGREEMENT** declaring that you will pay the half levy for your joint dependants.

FAMILY AGREEMENT

We Your name	
Your spouse's name	

hereby agree that the half Medicare levy payable in respect of our dependant or dependants for 2003–04 will be paid by

Name of person claiming half exemption	
Spouse's signature	
Your signature	

NOTE

If you are claiming a full exemption from the Medicare levy at part C, you will need to keep this **FAMILY AGREEMENT** with your tax records:

- for five years from the date you lodge your tax return, or
- if you are subject to a shorter period of review (see page 8)
  - for two years after the due date for payment if you had a taxable notice of assessment or
  - for two years from the 30th day after you received your notice advising you that no tax is payable.

We will work out your exemption based on the information on your tax return. If you wish to calculate the exemption yourself, see pages 118–9. Otherwise, go to question **M2**.

QUESTION M2

MEDICARE LEVY SURCHARGE

IMPORTANT

THIS QUESTION IS COMPULSORY FOR ALL TAXPAYERS

For the whole of 2003–04 did you and all of your dependants (including your spouse)—if you had any—have private patient hospital cover?

The definition of 'private patient hospital cover' is given in the next column.

NO Print **X** in the **NO** box to the right of **E** item **M2** on your tax return. Read below.

YES Print **X** in the **YES** box to the right of **E** item **M2** on your tax return. Make sure you have completed **Private health insurance policy details**—see page 92 in *TaxPack 2004* for assistance. Go to question **A1** on page 102.

For the whole of 2003–04 were you:

- **a single person—without a dependent child or children—and your taxable income for Medicare levy surcharge (MLS) purposes was $50,000 or less**

OR

- **a member of a family—which may consist of a couple (married or de facto) with or without a dependent child or children; or a sole parent with a dependent child or children—and the combined taxable income for MLS purposes of you and your spouse (if you had one) was $100,000 (plus $1,500 for each dependent child after the first, if you have children) or less?**

NOTE

See page 99 for the definition of 'taxable income for MLS purposes' and pages 98–99 for other relevant terms.

NO You may have to pay the surcharge. Print **X** in the relevant **NO** box at item **M2** on your tax return. Read below.

YES You do not have to pay the surcharge for any of the 366 days during the year. Print **X** in the relevant **YES** box at item **M2** on your tax return. Go to **COMPLETING THIS QUESTION** on page 101.

YOU NEED TO KNOW

Individuals and families on higher incomes who do not have private patient hospital cover pay MLS based on an extra 1% of their taxable income for any period during 2003–04 that they did not have this cover.

MLS is in addition to the 1.5% Medicare levy.

For MLS purposes you will need to understand the following terms:

private patient hospital cover—generally is cover provided by an insurance policy issued by a registered fund for some or all hospital treatment provided in an Australian hospital or day hospital facility. However, if you take out an insurance policy for hospital cover after 24 May 2000 that contains an annual front-end deductible or excess of more than $500 in the case of a policy covering only one person and more than $1,000 for all other policies, you will not be considered to have private patient hospital cover. The same applies to insurance policies for hospital cover with those high front-end deductibles or excess taken out before 24 May 2000 that cease to provide continuous cover after that date. If you make a payment to cover a shortfall in the cost of hospital treatment, other than the excess agreed in your policy, this is not a front-end deductible or excess. Your health fund may include details of the level of front-end deductible or excess that applies to your policy in the private health insurance statement that it sends you.

Your health fund statement will indicate the maximum number of days that your policy may have provided an appropriate level of private patient hospital cover at label **A**.

Travel insurance is not private patient hospital cover for MLS purposes. Private patient hospital cover does not include cover provided by an overseas or unregistered fund.

NOTE

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

ancillary cover—is commonly known as 'Extras'. Ancillary cover is NOT private patient hospital cover. It covers items such as optical, dental, physiotherapy or chiropractic treatment.

spouse—married or de facto. If your spouse died during the year and you did not have another spouse before the end of the year, you are considered to have had a spouse until the end of 2003–04. You retain the benefit of the family surcharge threshold. If you are living separately and apart from your spouse you are treated as not being married.

dependants—a dependant is an Australian resident, being:

- your spouse—even if they worked during 2003–04
- any of your children who were under 16 years of age
- any of your children aged 16 years and over but under 25 years of age who were full-time students.

For MLS purposes you need to have contributed to your dependant's maintenance. See **What is maintaining a dependant?** on page 65.

family—you are considered to be a member of a family during any period of 2003–04 that you contributed to the maintenance of a dependant. Any parent (including a sole parent) who contributed to the maintenance of a dependent child or children is considered to be a member of a family.

taxable income for Medicare levy surcharge (MLS) purposes—is the total of:
- your taxable income AND
- your total reportable fringe benefits amounts at **W** item **9** on your tax return AND
- the net amount on which family trust distribution tax has been paid (see question **A3** on page s61 of *TaxPack 2004 supplement*)

LESS
- any post-June 1983 elements of an eligible termination payment (ETP) where the maximum tax rate is zero. If you are unsure of the tax rate, you can phone the Superannuation Infoline on **13 10 20** for assistance.

If you have any exempt foreign employment income and a taxable income of $1 or more, you need to complete this question as if the exempt income was added to your taxable income.

The taxable income of your spouse for MLS purposes is the total of:
- your spouse's taxable income AND
- your spouse's total reportable fringe benefits amounts AND
- any share in the net income of a trust estate to which your spouse is presently entitled and on which the trustee of the trust is assessed under section 98 of the *Income Tax Assessment Act 1936*—and which has not been included in your spouse's taxable income AND
- the net amount on which family trust distribution tax has been paid which your spouse would have had to show as assessable income if that tax had not been paid

LESS
- any post-June 1983 elements of an ETP where the maximum tax rate is zero.

Will you have to pay the surcharge?

You will have to pay the surcharge for any period during 2003–04 that you or any of your dependants did NOT have private patient hospital cover AND you were:
- a single person with a taxable income for MLS purposes greater than $50,000, or
- a member of a family and the combined taxable income for MLS purposes of you and your spouse (if you had one for the whole of 2003–04) was above the relevant family surcharge threshold shown in the table in the next column.

> **NOTE**
> If your spouse died during the year and you did not have another spouse before the end of the year, you are considered to have had a spouse until the end of the year and you retain the benefit of the family surcharge threshold.

FAMILY SURCHARGE THRESHOLD

Number of dependent children	Surcharge income threshold
0–1	$100,000
2	$101,500
3	$103,000
4	$104,500
More than four dependent children	$104,500 plus $1,500 for each additional child

> **NOTE**
> If you or any of your dependants were in a Medicare levy exemption category (see page 96) for any period during 2003–04, this may affect whether or not you have to pay the surcharge for that period. Read **What if you are exempt from the Medicare levy?** on page 100.

If the combined taxable income for MLS purposes of you and your spouse was above the family surcharge threshold but your own taxable income for MLS purposes was at or below $15,529 you are not liable for the surcharge. (This amount reflects a proposed change to the law for 2003–04 which, at the time of printing *TaxPack* had not become law—this amount should be used in working out whether you have to pay the surcharge.) However, your spouse may still be liable.

It is possible that both the single and family surcharge thresholds applied to you at different periods during 2003–04.

If only one of the surcharge thresholds—single or family—applied to you for the whole of 2003–04 and your taxable income or combined taxable income for MLS purposes **did not exceed** this threshold—you are not liable for the surcharge, for any of the 366 days during the year. Go to **COMPLETING THIS QUESTION** on page 101. Otherwise, read on.

If:
- only one of the surcharge thresholds—single or family—applied to you for the whole of 2003–04 and your taxable income or combined taxable income for MLS purposes **exceeded** this threshold AND
- for the whole of 2003–04 you or any of your dependants:
  - did not have private patient hospital cover AND
  - were not in one of the Medicare levy exemption categories on page 96, you will have to pay the surcharge for the whole of 2003–04. Go to **COMPLETING THIS QUESTION** on page 101. Otherwise, read on.

You will not be liable for the surcharge for any period during 2003–04 that you and **all** your dependants either had private patient hospital cover or were in a Medicare levy exemption category. Read on.

Which income threshold do you use if, during the year, you had a new spouse or separated from your spouse, or you became or ceased to be a sole parent?

To work out if you are liable for Medicare levy surcharge (MLS) for any period during 2003–04 that you were single—that is, you had no spouse and no dependent child or children—apply the single surcharge threshold of $50,000 to your own taxable income for MLS purposes.

To work out if you are liable for MLS for any period during 2003–04 that you had a spouse or a dependent child or children, apply the family surcharge threshold of $100,000 plus $1,500 for each dependent child after the first, to your own taxable income for MLS purposes. Example 2 may help you.

What if you are exempt from the Medicare levy?

Only read this section if you or any of your dependants were exempt or partially exempt from the Medicare levy at any time during 2003–04—for example, you were a Defence Force member. For more information on the exemption categories for the Medicare levy, read page 96 in *TaxPack 2004*.

If you were in an exemption category for the whole of 2003–04 and you did not have any dependants; or if you had dependants and they were also all in an exemption category and/or they all had private patient hospital cover for the whole of 2003–04, you do not have to pay the surcharge for the full year—366 days. Go to **COMPLETING THIS QUESTION** on page 101.

If the taxable income for MLS purposes of you and your spouse—if you had one for the whole year—was above the relevant surcharge threshold, you are liable for the surcharge for any period during 2003–04 that:

- you were not in an exemption category and did not have private patient hospital cover, or
- one or more of your dependants were not in an exemption category and did not have private patient hospital cover.

What if you had private patient hospital cover for only part of the year?

Only read this section if you had private patient hospital cover for part of the year.

If you and your dependants—if any—were not in a Medicare levy exemption category at any time during 2003–04 and your taxable income or combined taxable income for MLS purposes was above the relevant threshold, you are liable for the surcharge for the number of days you or any of your dependants did not have private patient hospital cover during 2003–04. Examples 1 and 3 may help you work this out. Go to **COMPLETING THIS QUESTION** on page 101.

EXAMPLE 1

Part-year private patient hospital cover

Ashley is not married and in 2003–04 had a taxable income for MLS purposes of $59,000. He was not in a Medicare levy exemption category at any time during the year.

Ashley took out private patient hospital cover on 15 December 2003.

Because Ashley's taxable income was above the single surcharge threshold of $50,000 and he did not have private patient hospital cover for the full year he will have to pay MLS for the part of the year that he did not have private patient hospital cover.

Ashley will NOT have to pay the surcharge for the number of days he had private patient hospital cover—15 December 2003 to 30 June 2004—199 days.

Ashley will write the number of days in 2003–04 that he is NOT liable for the surcharge—199—at **A** item **M2** on his tax return and complete **Private health insurance policy details**.

EXAMPLE 2

Spouse for part-year

Sally separated from Adrian on 12 October 2003 and stayed single. Neither Sally nor Adrian had any dependent children. Sally and Adrian were dependants of each other for MLS purposes only for the period they were together. For 2003–04, Adrian's taxable income for MLS purposes was $45,000 and Sally's taxable income for MLS purposes was $60,000. Sally and Adrian did not have private patient hospital cover at any time during 2003–04.

As they are considered to be a family for the period 1 July 2003 to 12 October 2003, they are each entitled to the family surcharge threshold of $100,000 for this period. For the period 1 July 2003 to 12 October 2003, Sally is not liable for the surcharge as her taxable income for MLS purposes of $60,000 was under the family surcharge threshold. Adrian is also not liable for the surcharge for this period as his taxable income for MLS purposes of $45,000 was also under the family surcharge threshold.

For the period 13 October 2003 to 30 June 2004—262 days—the single person surcharge threshold of $50,000 applies to both of them. For this period, Adrian is not liable for the surcharge because he had a taxable income for MLS purposes of $45,000.

Adrian will write 366 at **A** item **M2** on his tax return. Sally is liable to pay the surcharge for the period 13 October 2003 to 30 June 2004—262 days—because her taxable income for MLS purposes was $60,000.

Sally will write the number of days in 2003–04 that she is NOT liable for the surcharge—104—at **A** item **M2** on her tax return.

EXAMPLE 3

Part-year liability

Kathy and Mark are married. They have three dependent children. Kathy, Mark and their children were not in a Medicare levy exemption category at any time during the year. Kathy and the children were covered by private patient hospital cover for the full income year. Mark had his name added to the policy on 10 December 2003.

Kathy and Mark had a combined taxable income for Medicare levy surcharge (MLS) purposes of $115,000. Because not everyone was covered for the full period 1 July 2003 to 9 December 2003, Kathy and Mark are both liable for the surcharge for this period—162 days. Kathy and Mark would both write the number of days in 2003–04 that they were NOT liable for the surcharge—204—at **A** item **M2** on their tax returns and complete **Private health insurance policy details**.

COMPLETING THIS QUESTION

WHAT YOU MAY NEED

- your taxable income for MLS purposes
- your spouse's taxable income for MLS purposes, if you had a spouse for the whole of 2003–04 or your spouse died during the year
- the number of your dependent children during 2003–04
- the number of days you and all your dependants had private patient hospital cover during 2003–04
- your private health insurance policy details
- the number of days you do NOT have to pay the surcharge.

STEP 1 Write the number of days during 2003–04 that you do NOT have to pay the surcharge at **A** item **M2** on your tax return:

- If you have to pay the surcharge for the whole period 1 July 2003 to 30 June 2004 write '**0**' at **A**.
- If you do NOT have to pay the surcharge for the whole period 1 July 2003 to 30 June 2004 write '**366**' at **A**.
- If you have to pay the surcharge for part of the period 1 July 2003 to 30 June 2004 write the number of days you do NOT have to pay the surcharge at **A**.

If you had a dependent child during 2003–04 go to step 2. Otherwise, go to step 3.

STEP 2 Write the number of your dependent children during 2003–04 at **D** item **M2** on your tax return.

STEP 3 If you had a spouse during 2003–04 and you and all of your dependants were not covered by private patient hospital cover for the full year, complete **Spouse details—married or de facto** on pages 6–7 of your tax return.

If you had a spouse for **all** of 2003–04 include:

- your spouse's taxable income, at **O***
- your spouse's share of trust income on which the trustee is assessed under section 98 of the *Income Tax Assessment Act 1936* and which has not been included in your spouse's taxable income, at **T***
- the net amount of any distributions to your spouse on which family trust distribution tax has been paid which your spouse would have had to show as assessable income if that tax had not been paid, at **U***
- your spouse's total reportable fringe benefits amounts, at **S**.*

* If you cannot find out these amounts, you may make a reasonable estimate.

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

STEP 4 If you had private patient hospital cover during the year you must complete **Private health insurance policy details**—see page 92 in *TaxPack 2004* for assistance.

You have now completed this question. Go to question **A1**.

DO YOU WANT TO WORK OUT YOUR SURCHARGE?

You do not have to work out your MLS. We will work it out based on the information you provide. If you would like to work it out for your records, see page 120.

NOTE

If you received any exempt foreign employment income, a special formula is used to work out the amount of tax—including MLS—you have to pay on your taxable income. You will not be able to calculate your MLS. We will do this calculation for you.

QUESTION A1

A1

UNDER 18 EXCEPTED NET INCOME

STOP

If you were under 18 years of age at 30 June 2004 you **must** complete this question or you may be taxed at a higher rate.

Were you under 18 years of age at 30 June 2004?

NO Go to question **A2**.

YES Read below.

There are different rates of tax for different types of income. To make sure you're paying the right amount, complete this question.

Did any of the following apply to you at 30 June 2004?

- You were working full-time, or had worked full-time for three months or more during 2003–04 (ignore any period of full-time work that was followed by full-time study) AND you planned to work full-time for most or all of 2004–05 instead of full-time study.
- You were entitled to a disability support pension or a rehabilitation allowance, or someone was entitled to a carer allowance to care for you.
- You were permanently blind.
- You were disabled and were likely to suffer from that disability permanently or for an extended period.
- You were entitled to a double orphan pension and you received little or no financial support from your relatives.
- You were unable to work full-time because of permanent mental or physical disability and you received little or no financial support from your relatives.

NO Go to **Calculating your excepted net income**.

YES Read on.

If you were in any of the above categories on 30 June 2004, all of your income will be taxed at normal rates.

Write '**0**' at **J** item **A1** on your tax return. Then print the code letter **A** in the **TYPE** box ☐ at the right of **J**. You have now completed this question. Go to question **A2**.

Calculating your excepted net income

'Excepted net income' is the sum of specified types of income after relevant deductions are taken into account. Excepted net income is taxed at normal rates.

STEP 1 Add up the following excepted income that you have shown on your tax return. (Although you will be showing this income twice, you will not be taxed twice.)

This income could include:

- employment income
- taxable pensions or payments from Centrelink or the Department of Veterans' Affairs
- a compensation, superannuation or pension fund benefit
- income from a deceased person's estate
- income from property transferred to you as a result of another's death or family breakdown, or to satisfy a claim for damages for an injury you suffered
- income from your own business
- income from a partnership, in which you were an active partner
- net capital gains from the disposal of any of the property or investments referred to above
- income from investment of amounts referred to above.

STEP 2 Add up all your deductions that relate to the income from step 1. (See the Deductions section on pages 35–61.) Take away the total of those deductions from the total income from step 1.

EXAMPLE

Joshua is a school student who works at a supermarket, earns $2,200 and is entitled to a deduction of $100 for protective clothing. The step 2 amount is $2,200 less $100 = $2,100. This amount goes at **J** item **A1**.

STEP 3 Write the amount from step 2 at **J** item **A1** on your tax return. Do not show cents. This is your excepted net income. If you do not have any of the income listed in step 1 or the amount from step 2 is zero, write '**0**' at **J** item **A1** on your tax return.

STEP 4 Print the code letter **M** in the **TYPE** box ☐ at the right of **J** item **A1**.

The amount you have shown at **J** item **A1** will be taxed at normal rates. A higher rate of tax will apply for your other income. For more information phone the Personal Tax Infoline (see the inside back cover of *TaxPack*).

NOTE

If you received a distribution from a trust, read question **12 Partnerships and trusts** in *TaxPack 2004 supplement*, on pages s2–7.

QUESTION A2

PART-YEAR TAX-FREE THRESHOLD

In 2003–04 did you:

- **stop full-time education for the first time**
- **become an Australian resident**
- **stop being an Australian resident?**

See page 10 for information on residency for tax purposes.

NO Go to **CHECKLIST—TAX RETURN PAGES 1–8** on page 105.

YES Read below.

The Tax Office uses the following information to work out your tax-free threshold. If more than one part applies to you, phone the Personal Tax Infoline (see the inside back cover of *TaxPack*).

PART A Did you first stop full-time education in 2003–04?

NO Go to part B.

YES Read below.

YOU NEED TO KNOW

You stopped full-time education if:

- at any time during 2003–04 you were in a course of full-time education at a school, college, university or similar institution AND
- you were not in a course of full-time education on 30 June 2004 AND
- in the case where you stopped full-time education between 1 March 2004 and 30 June 2004, you did not begin another course of full-time education within four months of stopping the earlier one.

> **NOTE**
> If you had income from a business that you carried on alone, a partnership or a trust, phone the Personal Tax Infoline (see the inside back cover of *TaxPack*).

Your income is separated into these categories:

- salary or wages—which includes amounts you have shown at item **5**
- non-salary and wage income—for example, dividends, interest and rent, and
- earnings from your own business, as a partner in a partnership or as a beneficiary of a trust.

STEP 1 Write the **number of months** from when you stopped full-time education to 30 June 2004—counting the month you stopped—at **N** item **A2** on your tax return. For example, if you stopped full-time education on 19 November 2003, the number of months you would show on your tax return would be **8** (November 2003 to June 2004). If the number of months from when you stopped full-time education is 12, do not complete item **A2**. You are entitled to the full tax-free threshold.

STEP 2 Work out your net income earned while you were a full-time student. The example on the next page shows you how to work out this amount. The amount is made up of:

- your net salary and wage income earned while you were a full-time student AND
- the proportion of your net non-salary and wage income for the year earned while you were a full-time student.

Calculate net non-salary and wage income separately.

STEP 3 Write all of your net income earned while you were a full-time student at **O** item **A2**. Do not show cents.

CHECK THAT YOU HAVE . . .

For part A

- ☐ written the number of months from when you stopped being a full-time student
- ☐ written all of your net income earned while a full-time student in 2003–04.

Note: You do not need to complete the **Date** box at item **A2** on your tax return.

PART A EXAMPLE

1 TAXPAYER WITH SALARY AND WAGE INCOME

Nicki was an Australian resident for all of 2003–04 and a full-time student for 95 days during 2003–04. During that period she also worked part-time.

Nicki's income from salary and wages during her period of full-time study	$750
Deductions relating to this salary and wage income—do not include tax taken out of salary and wage income	$90
Nicki's net salary and wage income—assessable income less deductions	$660

2 TAXPAYER WITH NON-SALARY AND WAGE INCOME

Nicki also received non-salary and wage income from interest.

Non-salary and wage income Nicki earned during 2003–04	$120
Deductions relating to this income	$20
Nicki's net non-salary and wage income	$100
The number of days during Nicki's study period	95
Multiply Nicki's net income by the number of days above—$100 × 95.	$9,500
Number of days in 2003–04	366
Divide by the number of days in 2003–04—divide $9,500 by 366.	$25

The $25 is Nicki's net non-salary and wage income for the period of full-time study.

SUMMARY OF EXAMPLE

AMOUNT TO BE SHOWN AT O ITEM A2

Net salary and wage income—see part 1 of example	$660
Net non-salary and wage income—see part 2 of example	$25
Amount Nicki needs to show at O item **A2** on her tax return	$685

PART B Did you become an Australian resident in 2003–04?

If you are unsure read **Are you an Australian resident?** on page 10.

NO Go to part C.

YES Read on.

STEP 1 Write the date you became an Australian resident for tax purposes in the **Date** box at item **A2** on your tax return.

STEP 2 Write the number of months that you lived in Australia in 2003–04—counting the month you started to live here—at **N** item **A2** on your tax return.

> **CAUTION**
>
> If your residency changed during 2003–04 and you showed income at item **5** or **6** on your tax return, you may not need to complete this question. Phone the Personal Tax Infoline (see the inside back cover of *TaxPack*).

PART C Did you stop being an Australian resident in 2003–04?

If you are unsure read **Are you an Australian resident?** on page 10.

NO Go to **CHECK THAT YOU HAVE . . .**

YES Read on.

STEP 1 Write the date you stopped being an Australian resident for tax purposes in the **Date** box at item **A2** on your tax return.

STEP 2 Write the number of months from 1 July 2003 to when you left Australia—counting the month you left Australia—at **N** item **A2** on your tax return.

CHECK THAT YOU HAVE . . .

For part B

- ☐ written in the **Date** box the date you became an Australian resident
- ☐ written the number of months that you lived in Australia in 2003–04.

For part C

- ☐ written in the **Date** box the date you left Australia
- ☐ written the number of months from 1 July 2003 to when you left Australia.

INFORMATION

CHECKLIST—TAX RETURN PAGES 1–8

Use this checklist to make sure your tax return is complete before you lodge it with the Tax Office. To avoid any delay in processing please use the pre-addressed envelope provided with your *TaxPack*. If you don't have a pre-addressed envelope see page 106 for the address to use.

CHECK THAT YOU HAVE . . .

- ☐ written your tax file number
- ☐ filled in all your personal details—including your spouse's name (if you had a spouse)
- ☐ filled in the appropriate details for electronic funds transfer if you want to have your refund paid directly into a financial institution account
- ☐ filled in the code boxes—if you were asked to do so—at items **3**, **I**, **TOTAL INCOME OR LOSS**, **D1**, **D3**, **D4**, **SUBTOTAL**, **TAXABLE INCOME OR LOSS**, **T1**, **T2**, **T3**, **T6**, **M1** and **A1**
- ☐ completed item **M2**—this is **compulsory** for all taxpayers
- ☐ if required, completed pages 9–12 of the tax return and worked through the checklist on page s63 in *TaxPack 2004 supplement*
- ☐ written totals at:
  TOTAL TAX WITHHELD
  TOTAL INCOME OR LOSS
  TOTAL DEDUCTIONS
  SUBTOTAL
  TAXABLE INCOME OR LOSS
  TOTAL TAX OFFSETS
- ☐ attached to page 3 of your tax return copies of:
  - all payment summaries, including any ETP payment summaries
  - all statements or letters from your payers that detail income and tax withheld
  - any statutory declarations required
  - all statements or letters of pensions, allowances or payments
  - all letters, statements or RBL determinations relating to eligible termination payments, and
  - other attachments as instructed by any section or question in *TaxPack 2004*
- ☐ completed **Spouse details—married or de facto** if you were required to
- ☐ completed your spouse's details and provided your signature on page 8 of your tax return if you have consented to offset part or all of your spouse's family tax benefit (FTB) overpayment against your tax refund
- ☐ if you were under 18 years of age as of 30 June 2004, completed item **A1**—this is **compulsory**. If incomplete, you may be taxed at a higher rate.
- ☐ read **Self-assessment—it's your responsibility** on page 8
- ☐ read, completed, signed and dated the *Taxpayer's declaration*
- ☐ attached pages 9–12 of your tax return (supplementary section) to page 8
- ☐ attached your *2004 baby bonus claim* to the back of your tax return if you are claiming the baby bonus for the first time
- ☐ attached your 2004 FTB tax claim to the back of your tax return if you are claiming FTB with your tax return
- ☐ kept copies of your tax return, all attachments and relevant papers for your own records.

WHEN CAN YOU EXPECT YOUR NOTICE OF ASSESSMENT?

Our current standard for processing tax returns posted to the Tax Office is six weeks. If you lodged an e-tax tax return over the internet or if you lodged your tax return through the ***TAX**PACK**EXPRESS*** service, our standard processing time is two weeks.

However, if you receive a family tax benefit payment from the Family Assistance Office, or claim it from the Tax Office, your e-tax or ***TAX**PACK**EXPRESS*** tax return may take longer than normal to process. This is necessary to make sure that family tax benefits are paid correctly.

If you sent your tax return by ordinary post please wait seven weeks before phoning to check on our progress with your tax return. If you lodged over the internet or used the ***TAX**PACK**EXPRESS*** service, please wait three weeks (see table below):

Sent	Wait
Ordinary post	7 weeks
e-tax	3 weeks
TAX**PACK**EXPRESS	3 weeks

After that time you can use the automated self-help service on **13 28 65** which is available 24 hours per day, every day, to check the progress of your tax return. Using your telephone keypad, you will need to key in your tax file number.

Write the date you lodged your tax return here:

Add the appropriate time (seven weeks or three weeks) to work out when to expect your notice of assessment:

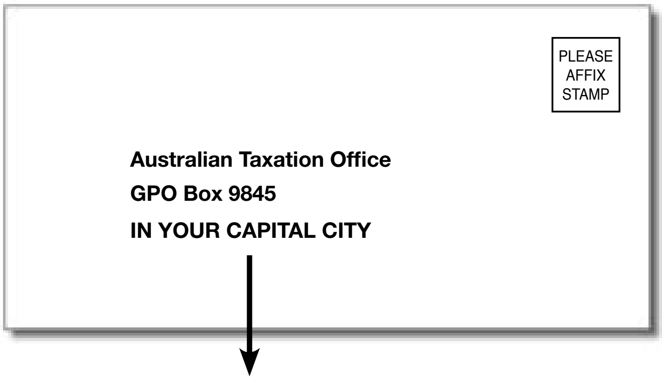
INFORMATION

WHERE TO LODGE YOUR TAX RETURN

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

The envelope is only for lodgment of your tax return (and its attachments) and/or non-lodgment advice. You must send other correspondence to Tax Office locations listed on page 123.

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



The address must appear on your envelope as shown. Do not replace the words IN YOUR CAPITAL CITY with the name of your capital city. Because of a special agreement with Australia Post there is no need for you to include the name of your capital city or a postcode.

NOTE

Instead of posting your tax return directly to us you can use Australia Post ***TAX****PACK****EXPRESS*** for a fast tax refund.

Through this service Australia Post will process your tax return and lodge it electronically with the Tax Office. We will issue your refund and notice of assessment in around 14 days. The fee of $22.00 is tax deductible in your next year's tax return. For more information see the brochure that came with *TaxPack* or pick up a brochure and free lodgment envelope from your nearest post office (do not use the pre-addressed envelope enclosed with *TaxPack*).

LODGING FROM OVERSEAS

If you are lodging from outside Australia, choose e-tax and lodge your tax return over the internet—most tax returns lodged using e-tax are processed within 14 days. Visit the Tax Office website at **www.ato.gov.au**

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

Cross out **IN YOUR CAPITAL CITY** and replace with
SYDNEY NSW 2001
AUSTRALIA

It would also assist us if you would cross out the bar code above the address.

NOTE

Before you lodge your tax return, make sure you have read **Self-assessment—it's your responsibility** on page 8.

INFORMATION
IF YOU MADE A MISTAKE ON YOUR TAX RETURN

If you realise that you did not include something on your tax return that you should have, or there is some other error on your tax return, you need to correct it as soon as possible by requesting an amendment.

To request an amendment write a letter to the Tax Office.

In your letter provide your name, address, telephone number, tax file number and information about what you want to amend. Include:

- the year shown on the tax return you want to amend—for example, 2002
- the tax return item number and description affected by the change
- the amount of income or deductions to be added or taken away
- the amount of tax offsets to be increased or decreased
- the relevant claim type code—if applicable to the item being changed
- an explanation of why you made the mistake, and
- a signed and dated declaration as follows: 'I declare that all the information I have given in this letter, including any attachments, is true and correct.'

If, after lodging your tax return, you voluntarily tell us that you made a mistake and an amendment will result in your paying more tax, the amount of penalty that may otherwise have been imposed will, in most cases, be reduced.

However, if you have used *TaxPack* properly, as defined on the inside front cover, and have made an honest mistake, you will not be charged a penalty, although you may have to pay a general interest charge on any shortfall of tax. Our decision will be based on your particular circumstances that you explain in your letter.

If you made the mistake because something in *TaxPack* was misleading, you will not be charged any penalty or general interest charge on any shortfall of tax.

It is very important that your letter provides an explanation of why you made the mistake so that we can assess any penalties or general interest charge correctly.

Penalties will not be raised if the amendment reduces the tax assessed—for example, where you increase your deductions or tax offsets.

Make sure you sign and date the declaration in your letter, and attach any payment summaries or additional information if applicable to the item being changed. **Post your letter and attachments to the tax office that sent your notice of assessment**. Keep a copy of your letter for your records. Do not send in another tax return unless we ask you to.

For information about time limits for requesting an amendment, see **Is there any time limit for you to request an amendment or lodge an objection?** on page 110.

Example of a letter requesting an amendment

Riley Finn
3 Wood St
Collingville 1234

Tax file number: 123 456 789
Phone: (01) 2345 6789

Dear Deputy Commissioner of Taxation

Please amend my 2004 tax return. My employer sent me a letter advising me that my payment summary was incorrect. Please increase my income at question 1 by $1,450 and also increase my tax withheld by $368. A copy of the letter is attached.

I declare that all the information I have given in this letter, including any attachments, is true and correct.

RFinn

Riley Finn
20 September 2004

INFORMATION

PAYING YOUR TAX DEBT

HOW DO YOU KNOW HOW MUCH YOU HAVE TO PAY?

Your notice of assessment will tell you how much tax you have to pay, if any, and when you must pay to avoid being charged a general interest charge (GIC) for late payment.

WHEN DO YOU PAY YOUR TAX DEBT?

You must lodge your income tax return by 31 October 2004, unless you have been given a deferral of time to lodge, or it is being prepared by a registered tax agent. However, as 31 October 2004 falls on a Sunday, you may lodge your tax return on 1 November 2004 without incurring a penalty. If you did not go to a tax agent last year but intend to do so this year—or you will be going to a different tax agent this year—make sure you contact them before 31 October 2004.

If you lodge your tax return on time, any tax payable will be due either:

- – 21 days after you receive your notice of assessment, or
- – 21 days after your tax return was due to be lodged

whichever is the later.

- If you prepare your own tax return and it is lodged by 1 November 2004, any tax payable will be due no earlier than 22 November 2004.
- If you have contacted the Tax Office and been given a deferral of time to lodge your tax return, any tax payable will be due no earlier than 21 days after the deferred date for lodgment.

If you do not lodge your tax return on time, the law treats your tax as being payable 21 days after your tax return was due for lodgment, irrespective of the date you are advised of the debt.

A GIC will accrue on any amount that is not paid by the due date for payment.

WHERE DO YOU PAY YOUR TAX DEBT?

You cannot make your payment at a Tax Office location. Read about your payment options on the back of your notice of assessment. If you need more information, phone **1800 815 886**.

The Tax Office does not accept payment by credit card.

WHAT IF YOU DON'T AGREE WITH YOUR ASSESSMENT?

You must pay your tax debt on time even if you have lodged an objection or asked for an amendment. If the objection is decided in your favour, you will receive a refund of the amount you have overpaid plus interest.

WHAT IF YOU CANNOT PAY YOUR TAX DEBT ON TIME?

If you cannot pay your tax debt on time, you should phone the account management infoline on **13 11 42** and explain your reasons.

In some circumstances you will need to provide written details of your financial position, including a statement of your assets and liabilities and details of your income and expenditure.

We will also want to know what steps you have taken to obtain funds to pay your debt and what steps you are taking to make sure you meet future tax debts on time. You may be given extra time to pay your debt, depending on your particular circumstances.

If we allow you to pay your tax debt late, you are required by law to pay interest in the form of a GIC. The GIC is tax deductible in the income year that it was incurred. The law also provides for remission of the GIC in limited circumstances. This means that the Commissioner of Taxation may excuse you from all or part of the GIC. Phone the account management infoline on **13 11 42** for further information.

WHAT IF PAYMENT WILL CAUSE YOU HARDSHIP?

Serious hardship exists when you are unable to provide food, accommodation, clothing, medical treatment, education or other necessities for you or your family or other people for whom you are responsible.

You can apply for a release from payment of your tax debt. We can give you further information and an application—phone the account management infoline on **13 11 42**.

NOTE

For all other general account enquiries phone the Personal Tax Infoline (see the inside back cover of *TaxPack*).

INFORMATION

YOUR NOTICE OF ASSESSMENT

WHAT IS YOUR NOTICE OF ASSESSMENT?

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

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

For more information about the items on your notice of assessment, visit **www.ato.gov.au**

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

Please note that if you have any other outstanding tax debts, child support or Centrelink debts or family tax benefit (FTB) debts, these may be deducted from any refund you are entitled to. Where this happens, we will provide you with details.

> **NOTE**
>
> Even though the Tax Office may not initially adjust the claims you make in your tax return, and issue you with a notice of assessment, your tax return may be subject to further review. Under the law, the Tax Office is allowed a period of four years (depending on your circumstances—see **A shorter period of review** on page 8) where it can review a tax return and may increase or decrease the amount of tax payable. The period of review is extended to six years where tax avoidance is involved (see **Self-assessment—it's your responsibility** on page 8).

Family tax benefit (FTB) and your notice of assessment

If you lodged an FTB tax claim with your tax return your notice of assessment will include information about your FTB entitlement or, if the Family Assistance Office (FAO) was unable to process your entitlement in time, it will contain advice to that effect. If you have a tax debt your FTB entitlement may be used towards paying that debt.

If you received FTB directly from the FAO—for example, as a fortnightly payment—your notice of assessment may include information about your reconciliation result.

Reconciliation

When your actual family income is known the FAO will make sure you have been paid the right amount of FTB. If you and your spouse (if you have one) are required to lodge a tax return the Tax Office will send your actual income details to the FAO for calculation of your correct entitlement. The FAO will compare the amount of FTB you received throughout the year, with the amount you are entitled to, based on your and your spouse's actual income.

If you were paid less FTB than you are entitled to, your payment may be 'topped up'. The top-up will be included in your assessment or, where that is not possible, the FAO will pay it to you directly. Your top-up may be used to pay any tax debt you have.

If you have been paid too much, the FAO will recover any amount you should not have received. Your tax refund—or your spouse's if they gave consent—can be used to recover these amounts directly.

Due to new legislation you now have two years from the end of the claim year to lodge your FTB claim and receive your FTB entitlement. Note that if you or your spouse do not lodge your tax returns by the due date—see **LODGE YOUR TAX RETURN BY 31 OCTOBER 2004** on page 8—you may be subject to penalties for lodging a late tax return.

If you received FTB directly from the FAO—for example, as a fortnightly payment—and your notice of assessment does not show an FTB reconciliation result, do not be concerned. The reason may be that the FAO was unable to reconcile your FTB payment by the time we issued your notice of assessment. If you have an FTB overpayment or are entitled to a 'top up' the FAO will contact you directly.

> **NOTE**
>
> When the FAO determines your final FTB entitlement, you may receive a Part A supplement payment of $600 per child depending on your family circumstances. Family circumstances refer to any shared care, change of care and/or blended family arrangements, which might apply. If this payment is not shown on your assessment, the FAO will pay you at a later time.

If you are unsure about an FTB amount or message that appears on your notice of assessment, visit the FAO or phone **13 61 50**.

Child Support Agency

Your FTB entitlement may be affected by any outstanding liabilities to the Child Support Agency (CSA). The CSA can recover the child support from your entitlement.

HOW LONG DO YOU HAVE TO WAIT FOR YOUR ASSESSMENT?

Our current standard for processing tax returns posted to the Tax Office is six weeks. If you lodged an e-tax tax return over the internet or if you lodged your tax return through the ***TAX**PACK**EXPRESS*** service, our standard processing time is two weeks.

However, if you receive a family tax benefit payment from the Family Assistance Office, or claim it from the Tax Office, your e-tax or ***TAX**PACK**EXPRESS*** tax return may take longer than normal to process. This is necessary to make sure that family tax benefits are paid correctly.

If you sent your tax return by ordinary post please wait seven weeks before phoning to check on our progress with your tax return. If you lodged over the internet or used the ***TAX****PACK****EXPRESS*** service, please wait three weeks (see table below):

SENT	WAIT
Ordinary post	7 weeks
e-tax	3 weeks
TAX*PACK****EXPRESS***	3 weeks

After that time you can use the automated self-help service on **13 28 65** which is available 24 hours per day, every day, to check the progress of your tax return. Using your telephone keypad, you will need to key in your tax file number.

CAN YOU GET YOUR REFUND BEFORE SIX WEEKS?

The Tax Office may be able to help you get a quicker refund if you are experiencing serious financial hardship. Serious hardship exists when you are unable to provide food, accommodation, clothing, medical treatment, education or other necessities for you or your family or other people for whom you are responsible.

Phone the Personal Tax Infoline (see the inside back cover of *TaxPack*) before you lodge your tax return to find out if you are eligible for this faster service. Have on hand your tax return, TFN, pension or benefit statement, payment summaries, and other papers that show you are in severe financial hardship.

WHAT IF YOU THINK YOUR ASSESSMENT IS WRONG?

Check all the details from your notice of assessment with those in your tax return. If you still think there is a problem, phone the Personal Tax Infoline (see the inside back cover of *TaxPack*) for help. You will need your notice of assessment and, if possible, a copy of your tax return.

WHAT IF YOU STILL THINK YOUR ASSESSMENT IS WRONG?

You can write to the Tax Office and request an amendment—see **If you made a mistake on your tax return** on page 107—or you can object to your assessment.

If you object to your assessment, you have a formal right to appeal against our decision on your objection if you disagree with it. If you request an amendment, you do not have any formal right to appeal. If your objection or request for an amendment is successful you have a right to receive interest on any overpaid tax. You cannot use the ***TAX****PACK****EXPRESS*** service or e-tax 2004 to lodge your objection.

When writing to the Tax Office to object to your assessment, make sure you:

- include your TFN and the year of the assessment
- include your address and, if convenient, your daytime telephone number so we can contact you to talk about your letter if necessary
- use the word **object** if you are objecting and give full details of what you think is wrong
- include a copy of your notice of assessment and copies of any relevant papers or documents such as receipts
- use the words **Tax Office error** in your letter—if you believe this is so
- include the following declaration in your objection letter: 'I declare that all the information I have given in this letter, including any attachments, is true and correct.'
- sign and date the declaration
- keep a copy of your letter for your records.

Post your letter to:
Deputy Commissioner of Taxation
Australian Taxation Office
PO Box 47
Albury NSW 2640

Do not send us another tax return for this income year unless we ask you to.

Is there any time limit for you to request an amendment or lodge an objection?

Your amendment request must be lodged within four years of the due date for payment (or two years if you meet the shorter period of review requirements).

For 2003–04, if a due date for payment is not specified on your notice of assessment and

- you lodge your tax return by 1 November 2004*, the amendment request must be lodged within four years (or two years if you meet the shorter period of review requirements) of the later of 22 November 2004 or 21 days after you receive your notice of assessment
- you do not lodge your tax return by 1 November 2004*, the amendment request must be lodged within four years of 22 November 2004 (or two years if you meet the shorter period of review requirements).

* As 31 October falls on a Sunday this year, you may lodge your tax return on 1 November 2004 without incurring a penalty.

Your objection must be lodged within:

- four years of the date of service of your notice of assessment, or
- two years if you are subject to a shorter period of review (see page 8 in *TaxPack*)

If you wish to object to an assessment which has already been amended, you need to do so by:

- 60 days from the date of service of the notice of amended assessment, or
- four years (or two years if you meet the shorter period of review requirements) after the date of service of the notice of the original assessment which has been amended—whichever is later.

If your objection is not lodged within the above time limits, you may request an extension of time to lodge your objection. You must request the extension in writing with your objection, giving the reasons why the objection is late. If your extension request is refused, you may apply to the Administrative Appeals Tribunal (AAT) for a review of the decision.

HOW WILL YOU KNOW WHAT THE TAX OFFICE DECIDES?

We will either write to you or send you a notice of amended assessment, or both.

WHAT CAN YOU DO THEN?

If you are still not satisfied with the Tax Office's decision on your objection, you have the right to appeal to the AAT, which includes the Small Taxation Claims Tribunal, or the Federal Court.

If we do not allow your objection in full, we will tell you what to do if you want to appeal when we send you our decision.

INFORMATION

PRIVACY AND ACCESS TO INFORMATION

HOW DOES THE TAX OFFICE PROTECT YOUR TAX INFORMATION?

Taxation Acts have secrecy provisions that prohibit any officer of the Tax Office or any other government department from accessing, recording or disclosing anyone's tax information except in performing their duties. A person can be fined up to $11,000 and sentenced to two years in prison for breaking these provisions.

In addition, the *Privacy Act 1988* protects personal information held by federal government agencies. It also protects tax file numbers, no matter who holds them.

ASKING ABOUT YOUR ASSESSMENT

If you phone

When you phone we will ask you to provide your tax file number (TFN) and other information to confirm your identity—for example, details from a recent notice of assessment.

If you want a representative to be able to phone on your behalf, you must provide written authorisation beforehand to the Tax Office. Your representative will need to quote this authorisation and also provide information to prove their identity.

This requirement is to protect your privacy.

If you write

Quote your TFN, your full name and your address. Please provide your telephone number if it is convenient. Remember to sign the letter.

CAN THE TAX OFFICE GIVE YOUR INFORMATION TO ANYONE?

We can give your information to some government agencies which are named in law. This is usually to check eligibility for government benefits, for law enforcement purposes or for collecting statistics. Any further use of your information by these agencies is also controlled by law. Tax officers can also disclose your information to these and other agencies in performing their duties.

Otherwise, we can give personal information only to you or to someone who can show that they have your permission to act for you.

WHAT ABOUT CHILD SUPPORT AGENCY (CSA) CLIENTS?

Information you give may be used by the CSA in assessing or collecting child support.

RESERVE BANK OF AUSTRALIA

If you receive a refund cheque with your notice of assessment, details of your refund are provided to the Reserve Bank of Australia to assist in clearing your cheque.

WHO CAN ASK YOU FOR YOUR TAX FILE NUMBER (TFN)?

Only certain people and organisations can ask you for your TFN. These include employers, some federal government agencies, trustees for superannuation funds, payers under the pay as you go (PAYG) system, higher education institutions, the CSA and investment bodies such as banks. You do not have to give your TFN but there may be consequences if you do not—for example, if you are applying for a pension and you do not give your TFN, you may not be paid the pension.

DO YOU NEED MORE INFORMATION?

If you need more information about how the tax laws protect your personal information, or have any concerns about how the Tax Office has handled your personal information, phone the Personal Tax Infoline (see the inside back cover of *TaxPack*).

If you are unable to resolve your concerns with the Tax Office about how we have handled your personal information, you can contact the Privacy Commissioner's Office by phoning the privacy hotline on **1300 363 992** for the cost of a local call (calls from mobile phones are charged at mobile rates) or by visiting the Privacy Commissioner's website at **www.privacy.gov.au**

FREEDOM OF INFORMATION

The *Freedom of Information (FOI) Act 1982* gives you the right to see your tax return and other documents—for example, public rulings and determinations, payment summaries and notices of assessment. In some circumstances this information may be provided free of charge, but usually there is a charge to cover the time and expense involved in getting the information for you. We suggest you make enquiries by phone before you ask for information under the FOI Act. Phone the Personal Tax Infoline (see the inside back cover of *TaxPack*).

Please keep copies of your tax returns, as a request for a copy from the Tax Office may involve a charge.

INFORMATION
DEALING WITH THE TAX OFFICE

DEALING WITH THE TAX OFFICE

It is important that you are aware of your rights and obligations when dealing with the Tax Office.

When we make a decision about your tax affairs, we will tell you about your rights and obligations in relation to that decision. We will also give you contact details in case you have any queries or need more information.

There is information under 'Your rights' on the Tax Office website at **www.ato.gov.au** Or to find out how to get a printed copy of the *Taxpayers' Charter—what you need to know* (NAT 2548—10.2003), see the inside back cover of *TaxPack*.

INFORMATION
YOUR RIGHT TO COMPLAIN

YOUR RIGHT TO COMPLAIN

If you are dissatisfied with a particular decision, service or action of the Tax Office, you have the right to complain.

We recommend that you first, try to sort it out with the tax officer you have been dealing with (or phone the number you have been given).

If you are not satisfied, talk to the tax officer's manager.

If you are still not satisfied, phone our complaints line on **13 28 70**.

You can also make a complaint by writing to Complaints, Australian Taxation Office, at Locked Bag 3120, Melbourne 3001 or send a FREEFAX on **1800 060 063**.

THE COMMONWEALTH OMBUDSMAN

If you are not satisfied with the Tax Office's decisions or actions, you can raise the matter with the Commonwealth Ombudsman's Special Tax Adviser. Before looking into a matter, the Special Tax Adviser may request that a complainant approach the Tax Office's complaints area.

The Commonwealth Ombudsman's office can investigate most complaints relating to tax administration and may recommend that we provide a solution or remedy to your problem. Investigations are independent, private, informal and free of charge.

Phone their National Complaints Line on **1300 362 072** or visit your nearest Commonwealth Ombudsman's office (located in all Australian capital cities). You can also visit their website at **www.ombudsman.gov.au** or write to:

The Special Tax Adviser
Commonwealth Ombudsman
GPO Box 442
Canberra ACT 2601

THE PRIVACY COMMISSIONER

The Privacy Commissioner receives complaints under the *Privacy Act 1988* and tax file number guidelines. You can contact the Privacy Commissioner by phoning the privacy hotline on **1300 363 992**, or by writing to the Privacy Commissioner, GPO Box 5218, Sydney 1042.

INFORMATION

HOW WE WORK OUT YOUR TAX

INCOME

You show this amount at **TOTAL INCOME OR LOSS** on your tax return.

minus

ALLOWABLE DEDUCTIONS

You show this amount at **TOTAL DEDUCTIONS** on your tax return. You may also show an amount at **L1**.

equals

TAXABLE INCOME

You show this amount at **TAXABLE INCOME OR LOSS** on your tax return.

We use this total to work out **TAX ON TAXABLE INCOME**. If you want to work it out, see pages 114–16.

TAX ON TAXABLE INCOME

minus

TAX OFFSETS

You show most tax offsets at **TOTAL TAX OFFSETS** on your tax return. If you are entitled to a low income, Senior Australians, beneficiary or pensioner tax offset, we work it out for you. If you want to work it out, see pages 116–17.

Any refundable tax offsets are included in the amount for tax credits and refundable tax offsets below.

equals

NET TAX PAYABLE

plus

HECS AND SFSS LIABILITY

If you have a Higher Education Contribution Scheme (HECS) debt or Student Financial Supplement Scheme (SFSS) debt, we work out your repayment. If you want to work it out, see page 121.

plus

MEDICARE LEVY AND SURCHARGE

We work these out from items **M1** and **M2** on your tax return. If you want to work them out see pages 94–101.

minus

TAX CREDITS AND REFUNDABLE TAX OFFSETS

We work these out from any amounts of tax you paid during the year (which have not been credited or refunded) and any refundable tax offsets such as baby bonus, any amount shown at **T5** and any franking credit (formerly called ‘imputation credit’) from item **11** or **12**.

equals

REFUND OR AMOUNT OWING

We show this on your notice of assessment. Your entitlement to a refund may be affected by any outstanding liabilities to the Tax Office or Child Support Agency (CSA). These amounts will appear on your notice of assessment as ‘Other amounts payable’. An entitlement, top-up or overpayment relating to family tax benefit (FTB) from the Family Assistance Office (FAO) may also affect your refund or amount owing.

INFORMATION

WORKING OUT YOUR TAX REFUND OR TAX DEBT

You do not have to work out your tax refund or tax debt. We will work it out from the information you provide in your tax return and advise you of the result in your notice of assessment.

If you do want to work out your tax refund or tax debt for your own purposes, we show you how on the following pages or you can go to our comprehensive tax calculator at **www.ato.gov.au**

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

These situations include where you:

- had income subject to capital gains tax
- had an eligible termination payment
- are entitled to use your spouse's unused Senior Australians or pensioner tax offset
- had a lump sum payment in arrears
- had a lump sum payment because you retired or finished working in a job
- were under 18 years and earned more than $772 in interest, dividends or other investment income
- received credit for any tax paid by a trustee
- had a family tax benefit tax claim
- had exempt foreign employment income
- had income that was subject to averaging
- had film industry investment deductions, or
- claimed the baby bonus. If you want to work out your baby bonus amount you can use the baby bonus calculator on the Tax Office website at **www.ato.gov.au** or phone the Personal Tax Infoline (see the inside back cover of *TaxPack*)
- received a dividend with Australian franking credits attached from a New Zealand company.

Working out your tax refund or tax debt

To do this you need to work out:

- your tax-free threshold
- the tax on your taxable income
- your beneficiary tax offset, if any
- your low income tax offset, if any
- Senior Australians or pensioner tax offset, if any
- your Medicare levy, if any
- your Medicare levy surcharge, if any
- your Higher Education Contribution Scheme compulsory repayment, if any
- your Student Financial Supplement Scheme compulsory repayment, if any.

When you have worked out all these components the FINAL WORKSHEET on page 122 shows you how to calculate your tax refund or tax debt.

TAX-FREE THRESHOLD

To work out the tax on your taxable income you need to know your tax-free threshold. This is the amount of income you can earn before tax must be paid.

For most people the tax-free threshold is $6,000. A lower amount—part-year tax-free threshold—may apply if you answered **YES** to question **A2**. Question **A2** applies if you:

(i) stopped full-time education for the first time in 2003–04
(ii) became an Australian resident during 2003–04
(iii) stopped being an Australian resident during 2003–04.

If category (ii) or (iii) applies to you and you showed income at item **5** or **6** on your tax return, you may not have a part-year tax-free threshold—phone the Personal Tax Infoline (see the inside back cover of *TaxPack*) for help.

If more than one category applies to you, phone the Personal Tax Infoline (see the inside back cover of *TaxPack*) for help.

Otherwise, work out if you have a part-year tax-free threshold. The following steps will help you to do this.

(i)—You stopped full-time education for the first time in 2003–04

STEP 1 Work out the number of months in 2003–04 that you were not in full-time education. Include the month that you stopped full-time education.

STEP 2 Multiply the number of months by $500.

STEP 3 Add the amount you wrote at **O** item **A2** on your tax return to your step 2 amount.

STEP 4 If the amount you worked out at step 3 is less than $6,000, the amount you worked out is your part-year tax-free threshold. If the total is $6,000 or more your tax-free threshold is $6,000.

(ii) and (iii)—You became or stopped being an Australian resident during 2003–04

STEP 1 Work out the number of months in 2003–04 that you lived in Australia. Include the month that you started to live here or stopped living here.

STEP 2 Multiply the number of months by $500. The result is your part-year tax-free threshold.

If you were a non-resident for the full year you are not entitled to a tax-free threshold.

TAX ON TAXABLE INCOME

To work out the tax on your taxable income follow the table on the next page that applies to you.

If you were an Australian resident for tax purposes for the full year and you are entitled to a $6,000 tax-free threshold, use TABLE 1.

If you were an Australian resident for tax purposes and the tax-free threshold you worked out above is less than $6,000, go to **Where tax-free threshold is adjusted** on the next page.

If you were a non-resident for the full year you are not entitled to a tax-free threshold, use TABLE 2.

TABLE 1—RESIDENT FOR FULL YEAR

Taxable income	Tax on this income
$1–$6,000	Nil
$6,001–$21,600	17 cents for each $1 over $6,000
$21,601–$52,000	$2,652 + 30 cents for each $1 over $21,600
$52,001–$62,500	$11,772 + 42 cents for each $1 over $52,000
$62,501 and over	$16,182 + 47 cents for each $1 over $62,500

Note: To work out your tax, identify the income amount less than but nearest your taxable income and the tax on that income, and use at (b) and (c).

Tax on: $6,000 is nil
$21,600 is $2,652
$52,000 is $11,772
$62,500 is $16,182

Example

Copy taxable income from **TAXABLE INCOME OR LOSS** on your tax return.	$25,682	(a)
Amount in **Taxable income** column less than but nearest your taxable income	$21,600	(b)
Tax on (b)	$2,652.00	(c)
Tax on remaining income: Take (b) away from (a).	$4,082	(d)
Tax on remaining income: Tax rate applied to (d)	$0.30	(e)
Multiply (d) by (e).	$1,224.60	(f)
Tax on your taxable income Add (c) and (f).	$3,876.60	

Go to **WORKING OUT YOUR TAX—TABLE 1 and 2**.

TABLE 2—NON-RESIDENT FOR FULL YEAR

Taxable income	Tax on this income
$1–$21,600	29 cents for each $1
$21,601–$52,000	$6,264 + 30 cents for each $1 over $21,600
$52,001–$62,500	$15,384 + 42 cents for each $1 over $52,000
$62,501 and over	$19,794 + 47 cents for each $1 over $62,500

Note: To work out your tax, identify the income amount less than but nearest your taxable income and the tax on that income, and use at (b) and (c).

Tax on: $21,600 is $6,264
$52,000 is $15,384
$62,500 is $19,794

Example

Copy taxable income from **TAXABLE INCOME OR LOSS** on your tax return.	$25,682	(a)
Amount in **Taxable income** column less than but nearest your taxable income	$21,600	(b)
Tax on (b)	$6,264.00	(c)
Tax on remaining income: Take (b) away from (a).	$4,082	(d)
Tax on remaining income: Tax rate applied to (d)	$0.30	(e)
Multiply (d) by (e).	$1,224.60	(f)
Tax on your taxable income Add (c) and (f).	$7,488.60	

Go to **WORKING OUT YOUR TAX—TABLE 1 and 2**.

WORKING OUT YOUR TAX—TABLE 1 AND 2

Calculate your tax here

Copy taxable income from **TAXABLE INCOME OR LOSS** on your tax return.	$	(a)
Amount in **Taxable income** column less than but nearest your taxable income	$	(b)
Tax on (b)	$	(c)
Tax on remaining income: Take (b) away from (a).	$	(d)
Tax on remaining income: Tax rate applied to (d)	$	(e)
Multiply (d) by (e).	$	(f)
Tax on your taxable income Add (c) and (f).	$	

WHERE TAX-FREE THRESHOLD IS ADJUSTED

Use **TABLE 3** or **TABLE 4** on the next page if you have a part-year threshold.

Your tax-free threshold (**T**) is the amount you worked out on page 114.

Write your tax-free threshold here. $ = **T**

Use **TABLE 3** if your taxable income is $21,600 or less.

Use **TABLE 4** if your taxable income is over $21,600.

TABLE 3—TAXABLE INCOME OF $21,600 OR LESS

Taxable income	Tax on this income
$1 – **T**	Nil
(**T** + $1) – $21,600	17 cents for each $1 over **T**

Working out your tax

Copy taxable income from **TAXABLE INCOME OR LOSS** on your tax return.	$	(a)
T =	$	(b)
Take (b) away from (a).	$	(c)
Tax on your taxable income Multiply (c) by tax rate of 17 cents (0.17).	$	

TABLE 4—TAXABLE INCOME OVER $21,600

In this table you will first need to work out **S**.

S = ($21,600 minus **T**) × 0.17 = $

S is the tax you would pay on $21,600.

Transfer the amount to **S** in **Working out your tax** below.

Taxable income	Tax on this income
$21,601 – $52,000	**S** + 30 cents for each $1 over $21,600
$52,001 – $62,500	**S** + $9,120 + 42 cents for each $1 over $52,000
$62,501 and over	**S** + $13,530 + 47 cents for each $1 over $62,500

Note: To work out your tax, identify the income amount less than but nearest your taxable income and the tax on that income, and use at (b), (c) and (d).

Tax on: $21,600 is **S**
$52,000 is **S** + $9,120
$62,500 is **S** + $13,530

Example

Assume **T** = $5,000

S = ($21,600 minus $5,000) × 0.17 = $2,822.00

Copy taxable income from **TAXABLE INCOME OR LOSS** on your tax return.	$52,544 (a)		
Amount in **Taxable income** column less than but nearest your taxable income	$52,000 (b)	**S** =	$2,822.00 (c)
		Tax on (b)	$9,120.00 (d)
Tax on remaining income — Take (b) away from (a).	$544 (e)		
Tax on remaining income — Tax rate applied to (e)	$0.42 (f)		
		Multiply (e) by (f).	$228.48 (g)
		Tax on your taxable income Add (c) (d) and (g).	$12,170.48

Working out your tax

Copy taxable income from **TAXABLE INCOME OR LOSS** on your tax return.	$ (a)		
Amount in **Taxable income** column less than but nearest your taxable income	$ (b)	**S** =	$ (c)
		Tax on (b)	$ (d)
Tax on remaining income — Take (b) away from (a).	$ (e)		
Tax on remaining income — Tax rate applied to (d)	$ (f)		
		Multiply (e) by (f).	$ (g)
		Tax on your taxable income Add (c) (d) and (g).	$

BENEFICIARY TAX OFFSET (from question 5)

HOW TO WORK OUT YOUR TAX OFFSET

Total amount of allowance or payment you received—from **A** item **5** on your tax return	(a)	$
Take $6,000 away from (a)—or, if your tax-free threshold is lower than $6,000, take that lower amount from (a) to work out (b).	*(b)	$
Multiply (b) by 17 and divide by 100.	(c)	$

This is your tax offset on income up to $21,600. If the amount you have shown at (a) is more than $21,600 you are entitled to an additional 13% tax offset on the excess.

Do not write your tax offset anywhere on your tax return.

* If (b) is '**0**' or a negative amount, you are not entitled to a tax offset.

LOW INCOME TAX OFFSET

If your taxable income is $27,475 or more, you are not entitled to the tax offset.

If your taxable income is $21,600 or less, you are entitled to the maximum tax offset of $235. The tax offset reduces by four cents for each dollar of taxable income over $21,600.

Use the worksheet to work out your tax offset if your taxable income is more than $21,600 but less than $27,475.

WORKSHEET

Maximum tax offset	(a)	$235
Write your taxable income here.	(b)	$
Threshold at which tax offset reduces	(c)	$21,600
Take (c) away from (b).	(d)	$
Divide (d) by 100.	(e)	$
Multiply (e) by 4.	(f)	$
Take (f) away from (a).	(g)	$

The amount at (g) is the tax offset you are entitled to. You can use the amount at (g) when you work out your tax refund or tax debt on page 122.

Do not write the amount at (g) anywhere on your tax return. We will work out your low income tax offset and make sure it reduces your tax.

INFORMATION

SENIOR AUSTRALIANS OR PENSIONER TAX OFFSET (FROM QUESTION T2 OR T3)

If you want to work out your tax offset, you need to know your taxable income. This is the amount you showed at **TAXABLE INCOME OR LOSS** on page 3 of your tax return.

There are two tax offset thresholds tables—table A applies to the Senior Australians tax offset, table B to the pensioner tax offset.

If you have a spouse who is eligible for the Senior Australians or pensioner tax offset, and your taxable income is more than the relevant amounts in COLUMN 2 of table A or table B—whichever applies to you—you may still get a tax offset because of a transfer of the unused portion of your spouse's Senior Australians or pensioner tax offset.

If you are eligible for a pensioner tax offset you will not be able to work out your tax offset if:

- you used tax offset code letter **S**, **Q**, **I** or **J** and you received more than $11,777 pension income
- you used tax offset code letter **P** and you received more than $9,832 pension income.

Refer to note [2] in table B in the next column for more information.

Do not write your tax offset amount anywhere on your tax return.

STEP 1 Find the tax offset code letter that applies to you in the relevant tax offset thresholds table (A or B) on this page. This is the code letter you showed at either item **T2** or item **T3**.

STEP 2 You may get up to the full tax offset shown in COLUMN 3 if your taxable income is equal to or less than the amount in COLUMN 1 for your tax offset code letter. If your taxable income is more than the amount in COLUMN 1 and less than the amount in COLUMN 2, use the **How to work out your tax offset** table in the next column.

TABLE A—SENIOR AUSTRALIANS TAX OFFSET THRESHOLDS

	COLUMN 1	COLUMN 2	COLUMN 3
Your Senior Australians code letter	**You may get up to the full tax offset if your taxable income is equal to or less than this amount**	**You will not get a tax offset if your taxable income is equal to or more than this amount** [1]	**Maximum tax offset**
A	$20,500	$38,340	$2,230
B*, **C***	$19,383	$35,703	$2,040
D*, **E***	$16,806	$29,622	$1,602

[1] For the code letters with an asterisk (*) you may still get a tax offset because of a transfer of the unused portion of your spouse's Senior Australians or pensioner tax offset. We will work it out for you.

TABLE B—PENSIONER TAX OFFSET THRESHOLDS

	COLUMN 1	COLUMN 2	COLUMN 3
Your pensioner code letter	**You may get up to the full tax offset if your taxable income is equal to or less than this amount**	**You will not get a tax offset if your taxable income is equal to or more than this amount** [1]	**Maximum tax offset** [2]
S, **Q***, **J***	$17,342	$32,766	$1,928
I*	$16,483	$30,739	$1,782
P*	$14,377	$25,769	$1,424

[1] For the code letters with an asterisk (*) you may still get a tax offset because of a transfer of the unused portion of your spouse's Senior Australians or pensioner tax offset. We will work it out for you.

[2] If
- you used **S**, **Q**, **I** or **J** and your pension is more than $11,777, or
- you used **P** and your pension is more than $9,832

your maximum tax offset may be higher than the amount in COLUMN 3, and you may still get a tax offset if your taxable income is more than the amount in COLUMN 2. We will work it out for you.

HOW TO WORK OUT YOUR TAX OFFSET

Your taxable income	(a)	$
Income amount from COLUMN 1	(b)	$
Take (b) away from (a).	(c)	$
Your maximum tax offset from COLUMN 3	(d)	$
Divide (c) by 8.	(e)	$
Take (e) from (d).		$
		This is your tax offset.

The tax offset you work out here will not include any unused portion of your spouse's Senior Australians or pensioner tax offset that we may transfer to you.

Do not write your tax offset amount anywhere on your tax return.

MEDICARE LEVY (from question M1)

If you want to work out your Medicare levy before you receive your notice of assessment, you can follow the steps below.

For the purposes of working out your Medicare levy, including any reduction or exemption, the taxable income of you and your spouse excludes the amount of any post-June 1983 component of an eligible termination payment on which the maximum tax rate is zero.

> **NOTE**
> If you had exempt foreign employment income you will not be able to work out your Medicare levy. We will do this when working out the amount of tax (including Medicare levy) you have to pay on your other income.

STEP 1 Work out your basic levy

- If you are eligible for the Senior Australians tax offset—see page 79—and your taxable income is $20,501 or more but less than $22,163, your levy is 20 cents for every dollar above $20,500. If it is more than $22,162, your levy is 1.5% of your taxable income.
- If you are eligible for the pensioner tax offset—see page 82—and your taxable income is $18,142 or more but less than $19,612, your levy is 20 cents for every dollar above $18,141. If it is more than $19,611, your levy is 1.5% of your taxable income.
- In all other circumstances, if your taxable income is $15,530 or more but less than $16,789, your levy is 20 cents for every dollar above $15,529. If it is more than $16,788, your levy is 1.5% of your taxable income.

For example: If you are not eligible for the Senior Australians tax offset or the pensioner tax offset, the levy you pay on a taxable income of $16,000 is $94.20.

$$(\$16{,}000 - \$15{,}529) \times \frac{20}{100} = \$94.20$$

STEP 2 Did you claim for a reduction or exemption at question **M1**? If not, your Medicare levy is the amount you worked out at step 1. If you are claiming a reduction or exemption, read on.

STEP 3 If you only completed part B of question **M1**, go to step 4.

If you completed part B and either of or both parts C and D, go to step 4.

If you completed part C, part D or both, go to step 6.

STEP 4 Work out your family income

If you had a spouse on 30 June 2004 or your spouse died during 2003–04, your family income is the combined taxable income of you and your spouse.

If you did not have a spouse on 30 June 2004 but you were eligible for a reduced levy based on family income, your family income is your taxable income.

Refer to the following tables. Use FAMILY INCOME TABLE 1 if you are eligible for the Senior Australians tax offset and use FAMILY INCOME TABLE 2 in all other circumstances. If your family income is less than or equal to your relevant lower income limit for the number of dependent children and students you had, you do not pay a levy. If your family income is greater than your relevant lower income limit but less than or equal to your relevant upper income limit, you pay a reduced levy.

FAMILY INCOME TABLE 1—for taxpayers who are eligible for the Senior Australians tax offset

Number of dependent children and students during 2003–04	Lower income limit	Upper income limit
0	$31,729	$34,301
1	$34,135	$36,902
2	$36,541	$39,503
3	$38,947	$42,104
4	$41,353	$44,705

If you have more than four dependent children or students, you can extend this table. The lower income limit increases by $2,406 for each additional child or student and the upper income limit increases by $2,601 for each additional child or student.

FAMILY INCOME TABLE 2—for all other taxpayers

Number of dependent children and students during 2003–04	Lower income limit	Upper income limit
0	$26,205	$28,329
1	$28,611	$30,930
2	$31,017	$33,531
3	$33,423	$36,132
4	$35,829	$38,734

If you have more than four dependent children or students, you can extend this table. The lower income limit increases by $2,406 for each additional child or student and the upper income limit increases by $2,601 for each additional child or student.

The tables on the next page show you how to work out the amount of Medicare levy you pay. An example is presented and there is space left for your own calculations.

Example: Trevor, who is not eligible for the Senior Australians tax offset, has two dependent children and had a spouse on 30 June 2004. His taxable income is $17,300 and his spouse's taxable income is $15,700—a family income of $33,000. This is between his family income limits (see FAMILY INCOME TABLE 2).

STEP 5 Work out your family reduction amount. You need to do this in two parts.

PART 1

		Trevor		You
Family income	(a)	$33,000	(a)	$
Lower limit from step 4	(b)	$31,017	(b)	$
Take (b) away from (a).	(c)	$1,983	(c)	$
Multiply (b) by 1.5 and divide by 100.	(d)	$465.25	(d)	$
Multiply (c) by 18.5 and divide by 100.	(e)	$366.85	(e)	$
Take (e) away from (d) to get your family reduction amount.	(f)	$98.40	(f)	$

If your spouse's taxable income is less than $15,529, go to step 6. If it is $15,529 or more, you will share the reduction amount as shown below.

PART 2

		Trevor		You
Family reduction amount from (f)	(g)	$98.40	(g)	$
Taxable income	(h)	$17,300	(h)	$
Multiply (g) by (h).	(i)	$1,702,320	(i)	$
Family income	(j)	$33,000	(j)	$
Divide (i) by (j) to get your share of the family reduction amount.	(k)	$51.59	(k)	$

Your family reduction amount is unlikely to be more than your basic levy. If it is, the difference is taken off the levy your spouse pays. Similarly, any excess family reduction amount your spouse has may be transferred to you.

Example: The basic levy Trevor's spouse would pay is:

$$(\$15,700 - \$15,529) \times \frac{20}{100} = \$34.20$$

As it is less than Trevor's spouse's share of the family reduction amount of $46.81 ($98.40 – $51.59), the balance of $12.61 ($46.81 – $34.20) can be transferred to Trevor.

TRANSFER OF ANY EXCESS FROM SPOUSE

		Trevor		You
Excess family reduction amount transferred from Trevor's spouse	(l)	$12.61	(l)	$
Add (k) and (l) to get your share of the family reduction amount.	(m)	$64.20	(m)	$

STEP 6

NET BASIC LEVY

		Trevor		You
Basic levy from step 1	(n)	$259.50	(n)	$
Family reduction amount if applicable—from (f), (k) or (m)	(o)	$64.20	(o)	$
Take (o) away from (n) to get net basic levy.	(p)	$195.30	(p)	$

If you did not complete either part C or part D of question **M1**, the amount of levy you have to pay is (p). If you completed one or both of these parts, read on.

STEP 7 How much of your net basic levy (p) do you pay?

FULL EXEMPTION

Number of days at **V** item **M1** on your tax return, if any	(q)	$
Net basic levy at (p)	(r)	$
Multiply (q) by (r).	(s)	$
Divide (s) by 366.	(t)	$

HALF EXEMPTION

Number of days at **W** item **M1** on your tax return, if any	(u)	$
Net basic levy at (p)	(v)	$
Multiply (u) by (v).	(w)	$
Divide (w) by 366.	(x)	$
Divide (x) by 2.	(y)	$

YOUR EXEMPTION AMOUNT

Add (t) to (y) to get your exemption amount.	(z)	$

The amount of Medicare levy you pay, if any, is your net basic levy at (p) less any exemption amount at (z).

MEDICARE LEVY SURCHARGE (from question M2)

You do not have to work out the amount of Medicare levy surcharge you will pay. We will work it out from the information you provide on your tax return. We will tell you the result on your notice of assessment. If you do want to work it out before you receive your notice of assessment, follow the steps below.

> **NOTE**
> If you had exempt foreign employment income you will not be able to work out your Medicare levy surcharge. We will do this when working out the amount of tax (including the surcharge) you have to pay on your other income.

WORKING OUT YOUR MEDICARE LEVY SURCHARGE

Your taxable income from **TAXABLE INCOME OR LOSS** on your tax return	(a)	$
Add to (a) any amount you have shown at item **9** on your tax return.	(b)	$
Add to (b) any amount you have shown at item **A3** on your tax return (supplementary section).	(c)	$
Take away from (c) any post-June 1983 component of an eligible termination payment where the maximum tax rate is zero.	(d)	$
Divide (d) by 100 to get 1%.	(e)	$

If you have to pay the surcharge for the WHOLE year, the amount you have to pay is (e). If you have to pay the surcharge for PART of the year, continue with the steps below.

Number of days at **A** item **M2** on your tax return	(f)	$
Take (f) away from 366.	(g)	$
Multiply (e) by (g).	(h)	$
Divide (h) by 366.	(i)	$

The amount of the surcharge you have to pay is (i).

HIGHER EDUCATION CONTRIBUTION SCHEME (HECS) COMPULSORY REPAYMENT

You do not have to repay any money towards your accumulated HECS debt* if:

- you are entitled to a reduction of Medicare levy or you do not have to pay Medicare levy due to low family income. Question **M1** part B on pages 94–6 shows you how to work out if you qualify, or
- your HECS repayment income is less than $25,348. HECS repayment income is your taxable income plus total reportable fringe benefits amounts at item **9** on your tax return plus any net rental losses at item **20** on your tax return (supplementary section).

STEP 1 Read the following table to find out the rate that applies to you.

HECS RATES TABLE	
HECS repayment income	**Repayment rate % of HECS repayment income**
Below $25,348	Nil
$25,348–$26,731	3%
$26,732–$28,805	3.5%
$28,806–$33,414	4%
$33,415–$40,328	4.5%
$40,329–$42,447	5%
$42,448–$45,628	5.5%
$45,629 and above	6%

STEP 2 Multiply your HECS repayment income by the rate from step 1. The result is your compulsory HECS repayment which will be shown on your notice of assessment at **X**. If the balance of your accumulated HECS debt is less than the calculated amount, you only pay the balance.

Use this amount when working out your tax refund or tax debt on page 122. Do not write this amount anywhere on your tax return.

For more information about repaying your HECS debt, refer to the publication *Repaying your HECS debt* (NAT 3913—6.2003). This publication is available on the Tax Office website at **www.ato.gov.au** Or to find out how to get a printed copy, see the inside back cover of *TaxPack*.

* Your accumulated HECS debt may include HECS semester debts, Postgraduate Education Loans Scheme (PELS) semester debts, Bridging for Overseas-Trained Professionals Loan Scheme (BOTPLS) semester debts and Open Learning Deferred Payment Scheme (OLDPS) semester debts. Only one compulsory HECS repayment will be calculated in this assessment based on your accumulated HECS debt.

STUDENT FINANCIAL SUPPLEMENT SCHEME (SFSS) COMPULSORY REPAYMENT

Only Financial Supplement loans taken out in any of the years from 1993 to 1999 are subject to compulsory repayment through the taxation system in the 2003–04 income year.

You do not have to repay any money towards your accumulated Financial Supplement debt if your taxable income is less than $35,886.

Your taxable income is the amount you show at **TAXABLE INCOME OR LOSS** on page 3 of your tax return.

STEP 1 Read the following table to find out the rate that applies to you.

SFSS RATES TABLE	
Taxable income	**Repayment rate % of taxable income**
Below $35,886	Nil
$35,886–$40,781	2%
$40,782–$57,095	3%
$57,096 and above	4%

STEP 2 Multiply your taxable income by the rate from step 1.

The result is your compulsory Financial Supplement repayment which will be shown on your notice of assessment at **R**. If the balance of your accumulated Financial Supplement debt is less than the calculated amount, you only pay the balance.

Use this amount when working out your tax refund or tax debt on page 122. Do not write this amount anywhere on your tax return.

For more information about repaying your Financial Supplement loans taken out in any of the years from 1993 to 1999, refer to the publication *Repaying your Financial Supplement Loan* (NAT 2789—10.2003). This publication is available on the Tax Office website at **www.ato.gov.au** Or to find out how to get a printed copy, see the inside back cover of *TaxPack*.

INFORMATION
FINAL WORKSHEET

Items marked with * appear on the tax return (supplementary section) and do not apply if you did not need to complete that section.

Complete all the steps. If any of the amounts listed do not apply to you, write '**0**' in the appropriate box.

STEP 1	**Tax on taxable income**		
	Transfer the amount of tax you worked out on pages 114–16.	$	**A**
STEP 2	**Tax offsets**		
	Total tax offsets claimed on page 4 of your tax return—do not include your 30% private health insurance tax offset (**G** item **T5** on your tax return)—this is shown at step 9	$	
	Senior Australians, pension or beneficiary tax offset from pages 116–17. If you have more than one, use the one that gives you the most.	$	
	Tax offset on life insurance bonuses from question **21*** in *TaxPack 2004 supplement*	$	
	Low income tax offset from page 116.	$	
	Add up all your tax offsets.	$	**B**
STEP 3	**Tax payable**		
	Take **B** away from **A**. If the result is **less than zero write '0' here**.	$	**C**
STEP 4	**Medicare levy and Medicare levy surcharge**		
	Medicare levy from pages 118–19	$	
	Medicare levy surcharge from page 120	$	
	Add up your Medicare levy related amounts.	$	**D**
STEP 5	**Total tax payable**		
	Add **C** and **D**.	$	**E**
STEP 6	**Foreign tax credits**		
	Foreign tax credits—amount at **O** item **19*** on your tax return	$	**F**
	Take **F** away from **E**. (If the result is less than zero write '**0**' here.)	$	**G**
STEP 7	**HECS repayments and SFSS repayments**		
	HECS repayments from page 121	$	
	SFSS repayments from page 121	$	
	Add up your HECS and SFSS repayments.	$	**H**

STEP 8	Add **G** and **H**.	$	**I**
STEP 9	**Credits and refundable tax offsets**		
	Pay as you go (PAYG) Instalments	$	
	Total credits from payment summaries—amount at:		
	$ item **TOTAL TAX WITHHELD** on your tax return	$	
	E item **22*** on your tax return	$	
	Credits from tax withheld—amounts at:		
	P item **12*** on your tax return	$	
	G + **H** + **J** item **13*** on your tax return	$	
	D + **W** + **F** item **14*** on your tax return	$	
	Credits from tax file number amounts—amounts at:		
	M item **10** on your tax return	$	
	V item **11** on your tax return	$	
	R item **12*** on your tax return	$	
	Credit for interest on early payments—amount at:		
	L item **C1*** on your tax return	$	
	30% private health insurance tax offset—amount at:		
	G item **T5** on your tax return	$	
	Franking tax offset (franking credit)—amounts at:		
	U item **11** on your tax return	$	
	Q item **12*** on your tax return	$	
	Baby bonus—amount you worked out (refer to page 114)	$	
	Add up your credits and refundable tax offsets.	$	**J**
STEP 10	**Net tax payable**		
	Take **J** away from **I**.	$	**K**

If K is negative (less than zero), this is the amount of **refund due to you**—excluding any other family tax benefit (FTB) debts, tax debts or child support payments. If **K** is positive (more than zero), this is the amount of **tax you have to pay**.

INFORMATION

TAX OFFICE LOCATIONS

STOP

Lodge your tax return at the address on page 106.

Below are our street addresses, and mailing addresses for correspondence. Please send correspondence to the office shown on your last notice of assessment, if you have one; otherwise send it to the nearest tax office.

If you have an enquiry, we can usually assist you faster by telephone. Alternatively, you could visit the Tax Office website at **www.ato.gov.au** See the inside back cover of *TaxPack* for a list of our phone services.

If you prefer to make your enquiry in person, we request that you make an appointment by telephone. The number to phone for an appointment is 13 28 61.

NOTE

We cannot accept payments at Tax Office locations. The methods for payment of tax debts are set out on the back of your notice of assessment.

TAX OFFICE LOCATIONS

VICTORIA

Casselden Place
2 Lonsdale Street Melbourne
PO Box 9990 Moonee Ponds 3039

Cheltenham
4A, 4–10 Jamieson Street Cheltenham
PO Box 9990 Dandenong 3175

Dandenong
14 Mason Street Dandenong
PO Box 9990 Dandenong 3175

Geelong
92–100 Brougham Street Geelong
PO Box 9990 Geelong 3220

WESTERN AUSTRALIA

Northbridge
45 Francis Street Northbridge
GPO Box 9990 Perth 6848

NORTHERN TERRITORY

Alice Springs
Jock Nelson Centre
16 Hartley Street Alice Springs
GPO Box 800 Adelaide 5001

Darwin
24 Mitchell Street Darwin
GPO Box 800 Adelaide 5001

TASMANIA

Hobart
200 Collins Street Hobart
GPO Box 9990 Hobart 7001

AUSTRALIAN CAPITAL TERRITORY

Canberra
Ground Floor Ethos House
28–36 Ainslie Avenue Canberra
GPO Box 9990 Canberra 2601

QUEENSLAND

Brisbane
280 Adelaide Street Brisbane
GPO Box 9990 Brisbane 4001

Townsville
Stanley Place
235 Stanley Street Townsville
PO Box 9990 Townsville 4810

Upper Mt Gravatt
Ground Floor NEXUS Building
96 Mt Gravatt-Capalaba Road
Upper Mt Gravatt 4122
PO Box 9990 Upper Mt Gravatt 4122

SOUTH AUSTRALIA

Adelaide
91 Waymouth Street Adelaide
GPO Box 800 Adelaide 5001

NEW SOUTH WALES

Albury
567 Smollett Street Albury
PO Box 9990 Albury 2640

Chatswood
Shop 43 Lemon Grove Shopping Centre
441 Victoria Avenue Chatswood
GPO Box 9990 Sydney 2001

Hurstville
1st Floor MacMahon Plaza
14–16 Woodville Street Hurstville
PO Box 9990 Hurstville 2220

Newcastle
266 King Street Newcastle
PO Box 9990 Newcastle 2300

Sydney
Podium Level Centrepoint
100 Market Street Sydney
GPO Box 9990 Sydney 2001

Parramatta
Ground Floor Commonwealth Offices
2–12 Macquarie Street Parramatta
PO Box 422 Parramatta 2123

Wollongong
93–99 Burelli Street Wollongong
PO Box 9990 Wollongong 2500

OTHER TAX OFFICE MAILING ADDRESSES

Box Hill Tax Office
PO Box 9990
Box Hill 3128

Chermside Tax Office
PO Box 9990
Chermside 4032

Moonee Ponds Tax Office
PO Box 9990
Moonee Ponds 3039

Penrith Tax Office
PO Box 1400
Penrith 2740

INDEX

This is a combined index containing references to both *TaxPack 2004* and *TaxPack 2004 supplement* (page numbers preceeded by ‘s’ refer to the supplement)

Publications

PUBLICATIONS, TAXATION RULINGS, PRACTICE STATEMENTS AND FORMS

To get publications referred to in *TaxPack 2004* you have three options:

1 Visit our website at www.ato.gov.au/publications for publications, taxation rulings, practice statements and forms.

2 Phone our Publications Distribution Service on 1300 720 092 for all referred publications, including forms.

Before you phone, check to see if there are other publications you may need—this will save you time and help us. For each publication you order please quote the full title and NAT number, if any, printed in *TaxPack*. Calls are charged at local call rates. Calls from mobile phones are charged at mobile rates.

3 Visit a Tax Office—see page 123 in *TaxPack 2004* for our street addresses.

Infolines

IF YOU HAVE AN ENQUIRY ABOUT YOUR TAX, PHONE THE RELEVANT INFOLINE BELOW

Our infolines are open Monday to Friday 8.00am to 6.00pm except where otherwise indicated. Our automated self-help services are available 24 hours per day every day. You can phone any **13** number for the cost of a local call. Calls from mobile phones are charged at mobile rates. Make sure you have *TaxPack* handy when you phone.

You can find a list of Tax Office infolines in your White Pages.

If you require access to Tax Office records you will be asked to provide your tax file number or details from your last notice of assessment and some personal details to prove your identity.

Phoning from overseas

To phone an infoline from outside Australia phone the International Access Code +61+ the infoline, between the hours of 8.00am and 6.00pm Australian Eastern Standard Time. Calls will be charged at the rate relevant to that country.

Personal Tax Infoline 13 28 61

Phone between 8.00am and 6.00pm. The following types of calls can be made to this service.

- Seniors who are retired or planning to retire
- Family tax benefit and baby bonus
- Tax file number queries
- Pay as you go (PAYG), including individual activity statements
- Higher Education Contribution Scheme (HECS), Student Financial Supplement Scheme (SFSS) and Post Graduate Education Loans Scheme (PELS)
- Capital gains, rental income, foreign income and *TaxPack supplement*
- e-tax
- Notice of assessment queries
- General income tax including replacement cheque and account queries, lodgment and *TaxPack* queries

Binding Oral Advice 13 28 61

Superannuation 13 10 20

TaxPack 2004 questions **4**, **D9**, **T4** and *TaxPack 2004 supplement* questions **19**, **D12**, **D13** and **T7**.

A Fax from Tax 13 28 60

If you have access to a fax machine use *A Fax from Tax* for quick and easy access to information. The service operates around-the-clock and will provide you with information on personal taxation—including information on the Higher Education Contribution Scheme (HECS) and the Student Financial Supplement Scheme (SFSS).

Where's my refund—self-help service 13 28 65 and press 1

You will need your tax file number to use this service

This automated self-help service is available 24 hours per day, every day, for you to check the progress of your tax return. Using your telephone keypad, you will need to key in your tax file number.

If you sent your tax return by ordinary post please wait seven weeks before phoning.

If you lodged an e-tax tax return over the internet or you used the ***TAX**PACK**EXPRESS*** service please wait three weeks before phoning.

National Aboriginal and Islander Resource Centre 13 10 30

The centre specialises in helping Indigenous clients and can assist with a wide range of tax matters.

People with a hearing, speech or vision impairment

People with a hearing or speech impairment and with access to appropriate TTY or modem equipment can communicate with a tax officer through the National Relay Service on **13 36 77** and quote one of the infolines listed on this page. If you do not have access to TTY or modem equipment, phone the Speech to Speech Relay Service on **1300 555 727**.

People with a vision impairment can prepare their tax return or baby bonus claim electronically and lodge online using e-tax. e-tax is a convenient way to lodge and get your refund faster. All you need is access to a personal computer and the internet. The computer will need to run a Microsoft Windows operating system and have either JAWS or Window-Eyes screen reader software installed. e-tax is available at **www.ato.gov.au**

People with a vision impairment can also use *TaxTape 2004* or *TaxDisk 2004*—check the outside back cover of *TaxPack* for more information.

To report tax evasion phone

1800 060 062.

If you do not speak English and need help from the Australian Taxation Office, phone the Translating and Interpreting Service (TIS) on 13 14 50. TIS staff can assist with translating and interpreting in over 100 languages. Ask them to set up a three-way conversation between you, an interpreter and a tax officer.

إذا كنت لا تتكلم الإنكليزية وتحتاج إلى مساعدة من مكتب الضرائب الأسترالي، اتصل بخدمة الترجمة الشفهية والخطية (TIS) على الرقم **13 14 50**. باستطاعة موظفي TIS تقديم المساعدة في الترجمة الخطية والشفهية بأكثر من ١٠٠ لغة. اطلب منهم ترتيب محادثة ثلاثية الأطراف بينك وبين مترجم وموظف في مكتب الضريبة.

ARABIC

如果您不會説英語，而需要澳洲税務局 (Australian Taxation Office) 的協助，請致電翻譯及傳譯服務處 (TIS)，電話 **13 14 50**。 TIS 的職員可以協助超過 100 種語言的翻譯及傳譯工作，您可以要求他們安排您、傳譯員和税務主任進行三方面的談話。

CHINESE

Ako ne govorite engleski i potrebna Vam je pomoć Australskog poreznog ureda, nazovite Službu prevoditelja i tumača (Translating and Interpreting Service - TIS) na **13 14 50**. TIS-ovo osoblje pomaže oko prevođenja i tumačenja na preko 100 jezika. Zamolite ih da Vam organiziraju trostruki razgovor između Vas, tumača i poreznog službenika.

CROATIAN

Εάν δεν μιλάτε Αγγλικά και χρειάζεστε βοήθεια από την Αυστραλιανή Εφορία, τηλεφωνήστε στην Υπηρεσία Μεταφραστών και Διερμηνέων (TIS) στο **13 14 50**. Το προσωπικό του TIS μπορεί να βοηθήσει με μετάφραση και διερμηνεία σε πάνω από 100 γλώσσες. Ζητήστε τους να κανονίσουν μια 3μερή συνομιλία ανάμεσα σε σας, ένα διερμηνέα και ένα φορολογικό υπάλληλο.

GREEK

Se non parlate inglese e vi serve assistenza dall'Ufficio australiano delle imposte (Australian Taxation Office) telefonate al Servizio traduzioni e interpreti (TIS) al numero **13 14 50**. Il personale del TIS può offrirvi assistenza linguistica in oltre 100 lingue. Chiedete che venga allestita una conversazione a 3 tra voi, un interprete e un funzionario delle imposte.

ITALIAN

オーストラリア国税庁へのお問い合わせに通訳をご必要とされる方は、翻訳・通訳サービス (TIS ― 電話番号： **13 14 50**) をご利用ください。TIS は、100 種類以上の言語における翻訳および通訳サービスを提供いたしております。ご本人と通訳、税務官の三者間で会話を行うことができますので、ご希望の方はその旨お伝えください。

JAPANESE

호주 세무서에 용무가 있으나 영어로 소통이 안 되시는 분은 **13 14 50**의 번역 통역 서비스(TIS)로 전화하십시오. TIS 직원들은 100여 개의 언어를 번역 또는 통역하는 데 도움을 드릴 수 있습니다. TIS 직원에게 귀하와 통역사와 세무직원 간에 삼자통화를 할 수 있도록 요청하십시오.

KOREAN

Ако не зборувате добро англиски и ви треба помош од Австралиската даночна служба (Australian Taxation Office) телефонирајте на Преведувачката служба (Translating and Interpreting Service - TIS) на **13 14 50**. Персоналот на Преведувачката служба може да ви помогне со превод на над 100 јазици. Побарајте да воспостават тројна врска за разговарање меѓу вас, преведувачот и даночниот службеник.

MACEDONIAN

اگر به کمك اداره ماليات نياز داريد ولی انگليسی حرف نمی‌زنيد، به سرويس ترجمه کتبی و شفاهی (TIS)، شماره **13 14 50** تلفن کنيد. کارمندان TIS می‌توانند با ترجمه کتبی و شفاهی در بيش از ۱۰۰ زبان مختلف به شما کمك کنند. از آنها بخواهيد که يك مکالمه سه طرفه بين شما، يك مترجم و يك کارمند اداره ماليات برقرار کنند.

PERSIAN

Если вы не говорите по-английски и вам нужна помощь Австралийского налогового управления, звоните в переводческую службу TIS по тел. **13 14 50**. Сотрудники TIS могут помочь вам с переводом на более чем 100 языках. Просите их организовать 3-стороннюю беседу с участием вас, переводчика и сотрудника налогового управления.

RUSSIAN

Ако не говорите енглески и потребна вам је помоћ од Аустралијске пореске управе, назовите Службу за превођење и тумачење (Translating and Interpreting Service (TIS)) на **13 14 50**. Особље TIS-а може да вам помогне са превођењем и тумачењем на преко 100 језика. Тражите од њих да организују тросмерни разговор између вас, тумача и пореског службеника.

SERBIAN

Si usted no habla inglés y necesita ayuda de la Oficina Australiana de Impuestos, llame al Servicio de Interpretación y Traducción (TIS) al **13 14 50**. El personal de TIS puede ayudar proveyendo interpretación y traducción de más de 100 idiomas. Pídales que establezcan una conversación de 3 líneas entre usted, un intérprete y un funcionario de impuestos.

SPANISH

İngilizce konuşamıyorsanız ve Avustralya Vergi Dairesi'nden yardıma ihtiyacınız varsa, **13 14 50** numaralı telefondan Yazılı ve Sözlü Çeviri Servisi'ni (TIS) arayınız. TIS görevlileri 100'den fazla dilde yazılı ve sözlü çevirilerde yardımcı olabilir. Onlardan siz, bir tercüman ve bir vergi memuru arasında bir 3'lü görüşme ayarlamalarını isteyiniz.

TURKISH

Nếu quí vị không nói được tiếng Anh và cần Sở Thuế vụ Úc (Australian Taxation Office) giúp đỡ, hãy điện thoại Dịch vụ Thông Phiên dịch (Translating and Interpreting Service - TIS) qua số điện thoại **13 14 50**. Các nhân viên TIS có thể giúp thông dịch và phiên dịch trong hơn 100 thứ tiếng. Hãy nhờ TIS nối đường dây nói chuyện 3-chiều giữa quí vị, một thông dịch viên và một nhân viên thuế vụ.

VIETNAMESE

Tax Help

If you want to complete your own tax return or your claim for a refund of franking credits (formerly called 'imputation credits') but think you may need some assistance, then Tax Help may be the answer.

Our network of community volunteers are trained and supported by the Australian Taxation Office to help taxpayers.

Tax Help is a free and confidential service for people on low incomes.

See page 14 in *TaxPack 2004* for more information—including the phone number to phone for Tax Help.

Assistance for people with a print disability

The following tax time products are available free of charge from the Royal Blind Society—on FREECALL 1800 644 885—for people who are blind or vision impaired:

TaxTape 2004

TaxTape 2004 supplement

TaxDisk 2004 (includes supplement)

Your tax questions cannot be answered on this number.