

TaxPack 2011

To help you complete your tax return
1 July 2010 – 30 June 2011



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**You may also need
the separate publication
TaxPack 2011 supplement
– see page 2.**



**Lodge your tax return
by 31 October 2011.**





Commissioner's foreword

***TaxPack 2011* is a guide to help you correctly complete your 2011 tax return. We have tried to make it easy to use, and for most people it will provide all you need to know to fill in your tax return.**

Be assured that if you do your best to fill in your tax return correctly, you will not be subject to any penalties if you get these things wrong.

Nevertheless, please take care in ensuring that the information you provide to us is as complete and accurate as you can make it.

If you have access to the internet, you can prepare and lodge your tax return online using *e-tax*. It's fast, free and easy, and most refunds are issued within 14 days. It also provides more extensive information than contained in this guide and allows you to automatically include on your tax return some information that we already know about you.

We also have a range of services that can assist you when completing your tax return. The inside back cover provides details about how you can access these services and how you can contact us.

Michael D'Ascenzo
Commissioner of Taxation

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Will you need *TaxPack 2011 supplement*?

You might need *TaxPack 2011 supplement* which contains questions that are not included in *TaxPack 2011*. Check the list below of questions covered in *TaxPack 2011 supplement* to see whether you need it to complete your tax return.

INCOME

- 13** Income from partnerships and trusts
- 14** Personal services income (PSI)*
- 15** Net income or loss from business*
- 16** Deferred non-commercial business losses*
- 17** Net farm management deposits or withdrawals
- 18** Capital gains* (from all sources including shares, real estate and other property)
- 19** Foreign entities
- 20** Foreign source income and foreign assets or property, including foreign source pension or annuity
- 21** Rent
- 22** Bonuses from life insurance companies and friendly societies
- 23** Forestry managed investment scheme income
- 24** Other income – that is, income not listed elsewhere

DEDUCTIONS

- D11** Deductible amount of undeducted purchase price of a foreign pension or annuity
- D12** Personal superannuation contributions (generally for the self-employed)
- D13** Deduction for project pool
- D14** Forestry managed investment scheme deduction
- D15** Other deductions – that is, deductions not claimable at items **D1** to **D14** or elsewhere on your tax return

TAX OFFSETS

- T7** Superannuation contributions on behalf of your spouse
- T8** Zone or overseas forces
- T9** 20% tax offset on net medical expenses over the threshold amount (the threshold for 2011 is \$2,000)
- T10** Parent, spouse's parent or invalid relative
- T11** Landcare and water facility
- T12** Net income from working – supplementary section
- T13** Entrepreneurs tax offset
- T14** Other tax offsets

ADJUSTMENT

- A4** Amount on which family trust distribution tax has been paid

CREDIT FOR INTEREST ON TAX PAID

- C1** Credit for interest on early tax payments

If you need *TaxPack 2011 supplement*, you can get a copy from most newsagents from 1 July to 31 October 2011. Copies are also available all year from our Publications Distribution Service (see the inside back cover) and shopfronts.

Questions marked * have a related publication which you must read before you can complete the item on your tax return.

What's new this year?

STUDY EXPENSE DEDUCTIONS FOR YOUTH ALLOWANCE, AUSTUDY AND ABSTUDY RECIPIENTS

As a consequence of a recent High Court decision, you can claim a deduction for study expenses this year if you received Youth allowance, Austudy or ABSTUDY. See question **D4** for more information and our website www.ato.gov.au/studyexpensechanges

In the 2011 Budget, the Government announced its intention to change the law to prevent deductions being claimed against all government assistance payments from 1 July 2011. This includes claims for study expenses by those who receive Youth allowance, Austudy and ABSTUDY.

The announcement does not affect your entitlement to claim deductions for 2011.

Go to www.ato.gov.au/studyexpensechanges for information about the progress of this legislation.

NEWSTART AND YOUTH ALLOWANCE RECIPIENTS WHO WERE ACTIVELY SEEKING PAID WORK

As a consequence of a recent High Court decision, this year you can claim deductions for expenses you incurred in actively seeking paid work if you received Newstart allowance or were a Youth allowance job seeker. This includes expenses you incurred in meeting the requirements of your Employment Pathway Plan. You cannot claim expenses that are of a private or domestic nature. You must have records to support your claim.

Use item **D15** on page s43 in *TaxPack 2011 supplement* to make your claim.

You can claim:

- short-term travel costs, such as travel to job interviews
- training courses, including self-employment training and assistance, and text books
- phone calls you made seeking paid work
- résumé preparation.

You cannot claim expenses:

- that relate to seeking employment in only a general way (for example, conventional clothing)
- that are of a private or domestic nature (for example, conventional clothing, grooming and meals)
- paid for by your Job Services Australia provider.

In the 2011 Budget, the Government announced its intention to change the law to prevent deductions being claimed against all government assistance payments from 1 July 2011. This includes claims for expenses by Newstart recipients and Youth allowance job seekers.

The announcement does not affect your entitlement to claim deductions for 2011.

Go to www.ato.gov.au for information about the progress of this legislation.

NATURAL DISASTER DONATION RECEIPTS

If you made one or more donations of \$2 or more to bucket collections conducted by an approved organisation for natural disasters such as the floods in Queensland, New South Wales and Victoria, bushfires in Western Australia, Cyclone Yasi in Queensland, and the earthquakes in Christchurch and north-eastern Japan, you can claim a tax deduction of up to \$10 for the total of those contributions without having a receipt.

If you used the web or phone to make a donation over \$2, your web receipt or credit card statement is sufficient. If you donated through third parties, such as banks and retail outlets, the receipt they gave you is also sufficient. If you contributed through 'workplace-giving' your payment summary shows the amount you donated. Question **D9** deals with donations.

TAX EXEMPTION FOR CERTAIN PAYMENTS

The Government has introduced legislation to grant tax exemption for certain payments made following recent natural disasters. The following payments will be exempt from tax:

- disaster income recovery subsidy paid for Cyclone Yasi and the flooding events which started on 29 November 2010
- ex-gratia payments from the Commonwealth paid to New Zealand non-protected special-category visa holders following an Australian natural disaster in the 2010–11 income year
- clean-up and recovery grants paid to small business and primary producers (under category C of the Natural Disaster Relief and Recovery Arrangements) for:
 - flooding which started on 29 November 2010, and
 - Cyclone Yasi.

At the time of printing, this legislation had not yet become law. For more information go to www.ato.gov.au

Completing Individual information on your tax return

It is important that you complete the Individual information on pages 1 and 2 of your tax return accurately to avoid delaying your notice of assessment. We have provided explanations below for the tax-related items so that you can complete these sections correctly.

If you are not sure whether you have to lodge a tax return see page 114 for more information.

YOUR TAX FILE NUMBER

Your tax file number (TFN) is shown on your payment summary, as well as on your last notice of assessment. You do not have to quote your TFN on your tax return, but your assessment may be delayed if you do not. If you are new to the tax system and don't have a TFN, phone **13 28 61**.

ARE YOU AN AUSTRALIAN RESIDENT?

You must print **X** in the **YES** box if you were an Australian resident for tax purposes for all of 2010–11. If you were not an Australian resident for tax purposes for all of 2010–11 print **X** in the **NO** box.

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
- 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
- you have been in Australia for more than six months during 2010–11, unless your usual home is overseas and you do not intend to live in Australia
- you go overseas temporarily and you do not set up a permanent home in another country, or
- you are an overseas student who has come to Australia to study and are enrolled in a course that is more than six months long.

If you need help in deciding whether or not you are an Australian resident for tax purposes, go to **www.ato.gov.au** and enter '**Are you a resident?**' in the 'Search for' box at the top of the page or phone **13 28 61**.

Has your residency status changed?

If your residency status for tax purposes changed during 2010–11, that is, you were an Australian resident for part of 2010–11, you must print **X** in the **YES** box for this question and complete item **A2** on page 7 of your tax return. 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 2011–12)
- your only source of income in the future will be an Australian Government pension
- you will become eligible for the senior Australians tax offset in 2011–12, and your taxable income is below the threshold for lodging a tax return this year (for threshold levels and eligibility for 2010–11, see pages 68–70)
- you are moving overseas permanently, or
- you are 60 years old or older and your only source of income is from superannuation benefits (both lump sum and income streams) that have already been subject to tax in the superannuation fund.

Depending on your situation, print **X** in the **YES**, **NO** or **DON'T KNOW** box.

ELECTRONIC FUNDS TRANSFER (EFT)

Direct Refund

It's faster and simpler to have your refund paid directly to your financial institution account. Complete your account details even if you have provided them previously. Joint accounts are acceptable. If you do not provide the required information, your refund cheque will be mailed to you.

Complete the following:

- Print the bank state branch (BSB) number. This six-digit number identifies the financial institution. Do not include spaces, dashes or hyphens in the number.
- Print the account number. You cannot use an account number with more than nine characters. Do not include spaces in the account number.
- Print the account name, as shown on your account records. Do not print the account type (for example savings, cheque or mortgage offset). Include spaces between each word and between initials in the account name. The account name must not exceed 32 characters.

DECEASED ESTATE

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

This question is about income from salary or wages from which tax was withheld. Income from salary or wages includes:

- salary and wages
- commissions
- bonuses
- income from part-time or casual work
- parental leave pay
- amounts for lost salary or wages paid under
 - an income protection policy
 - a sickness or accident insurance policy, or
 - a workers compensation scheme.

⚠ From 1 July 2009, there have been changes to the exemption rules for foreign employment income. Show the gross income from your *PAYG payment summary – foreign employment* at this item.

Did you earn income from salary or wages shown on a *PAYG payment summary – individual non-business* or *PAYG payment summary – foreign employment*?

NO ☐ Go to question 2.

YES ☐ Read below.

If your *PAYG payment summary – individual non-business* shows any allowances, include them at item **2 Allowances, earnings, tips, directors fees etc.**

ANSWERING THIS QUESTION

You will need your *PAYG payment summary – individual non-business*, *PAYG payment summary – foreign employment*, or a comparable statement such as a letter or signed statement from each employer or payer, showing the following details:

- gross income (shown as ‘Gross payments’ on your payment summary)
- total tax withheld
- foreign tax paid, if applicable, and
- the employer’s or payer’s Australian business number (ABN) or withholding payer number (WPN).

If you do not have all your payment summaries or comparable statements, contact your employer or payer. If you are unsuccessful in obtaining any of these, more information about making a statutory declaration is available on our website at www.ato.gov.au

COMPLETING YOUR TAX RETURN

For the purposes of steps 1 to 5 ‘payment summary’ includes comparable statements and statutory declarations. Do not combine amounts from different payment summaries (unless instructed at steps 5 and 6).

Step 1

Print the occupation from which you earned most of your income from salary or wages under **Your main salary and wage occupation** at item 1.

Be as specific as possible when you describe how you earned your salary and wages, for example, ‘insurance clerk’ rather than ‘clerk’, ‘facilities manager’ rather than ‘manager’, ‘bar attendant’ rather than ‘student’. For public servants, provide work type, for example, ‘call centre operator’.

If you have more than five payment summaries, go to step 5.

Step 2

Write the employer’s or payer’s ABN or WPN from each payment summary under **Payer’s Australian business number** at item 1.

Step 3

For each *PAYG payment summary – individual non-business*, write the total tax withheld shown on it under **Tax withheld** at the left of **C to G** item 1.

For each *PAYG payment summary – foreign employment*, write the ‘Total Australian tax withheld’ shown on it under **Tax withheld** at the left of **C to G** item 1.

1 Salary or wages

Step 4

Write the gross payment amounts shown on each payment summary under **Income** at **C** to **G** item **1**.

You have now finished this question; go to question **2**.

Step 5

If you have any *PAYG payment summaries – foreign employment*, go to step 6.

Otherwise, follow steps 2 to 4 for your first four *PAYG payment summaries – individual non-business*. Then, for your remaining payment summaries, add up the total tax withheld and write the total at the left of **G** item **1**. Add up the gross payment amounts and write the total at **G** item **1**. Leave the **Payer's Australian business number** for **G** blank.

You have now finished this question; go to question **2**.

Step 6

Sort your *PAYG payment summaries – foreign employment* from your *PAYG payment summaries – individual non-business*.

Add up the total Australian tax withheld shown on all your *PAYG payment summaries – foreign employment* and write the total at the left of **C** item **1**. Add up the gross payment amounts and write the total at **C** item **1**. Leave the **Payer's Australian business number** for **C** blank.

Add up the total tax withheld shown on all your *PAYG payment summaries – individual non-business* and write the total at the left of **D** item **1**. Add up the gross payment amounts and write the total at **D** item **1**. Leave the **Payer's Australian business number** for **D** blank.

You may be entitled to a foreign income tax offset, refer to question **20** in *TaxPack 2011 supplement* for further information.

You have now finished this question; go to question **2**.

HELPFUL HINTS

Do not attach your payment summaries and comparable statements to your tax return.

Make sure you keep all your records for five years. A shorter record-keeping period may apply in some situations. More information on record keeping and written evidence is available on our website at www.ato.gov.au

Allowances, earnings, tips, directors fees etc

Income 2

This question is about payments of income from working. These may include:

- allowances
- payments from which tax was **not** withheld, including salary, wages, commissions, bonuses, income earned from part-time and casual jobs, and income from income protection, sickness and accident insurance policies
- tips, gratuities and payments for your services
- consultation fees and honoraria (payments for voluntary services).

Allowances include:

- car, travel and transport allowances, including reimbursements of car expenses calculated by reference to the distance travelled by the car, such as 'cents-per-kilometre' allowances
- award transport payments (paid under an industrial law or award that was in force on 29 October 1986)
- tool, clothing and laundry allowances
- dirt, height, site, first aid and risk allowances
- meal and entertainment allowances.

If you received a travel allowance or an overtime meal allowance paid under an industrial law, award or agreement you do not have to include it on your tax return if:

- it was not shown on your payment summary
- it does not exceed the Commissioner's reasonable allowance amount, and
- you spent the whole amount on deductible expenses.

If you choose not to include it you cannot claim a deduction for expenses incurred in relation to that allowance. For more information, see *Taxation Determination TD 2010/19 – Income tax: what are the reasonable travel and overtime meal allowance expense amounts for 2010–11 income year?*.

Did you receive any of the above payments?

NO ☐ Go to question 3.

YES ☐ Read below.

ANSWERING THIS QUESTION

You will need your payment summaries or comparable statements (or details of the payments that you received if they are not shown on a payment summary or comparable statement).

If you do not have all your payment summaries or comparable statements, contact your employer or payer. If you are unsuccessful in obtaining any of these, more information about making a statutory declaration is available at www.ato.gov.au

COMPLETING YOUR TAX RETURN

Step 1

Add up any tax withheld from these payments.

Do not include any amounts of tax withheld you have shown at other items, such as item 1.

Write the amount under **Tax withheld** at the left of **K** item 2.

Step 2

Add up all of these payments.

Do not include any amounts of income you have shown at other items, such as item 1.

Write the amount under **Income** at **K** item 2.

3 Income

Employer lump sum payments

This question is about any lump sum payments you received from your employer for unused annual leave or unused long service leave.

Did you receive any of these payments?

NO ☐ Go to question 4.

YES ☐ Read below.

Do not include any employer lump sum payments in arrears or non-superannuation annuity payments in arrears shown at 'Lump sum E' on your payment summary. These amounts are dealt with at question **24 Other income** in *TaxPack 2011 supplement*. Similarly, 'lump sum payments in arrears' shown on your *PAYG payment summary – superannuation income stream* are dealt with at item **7 Australian annuities and superannuation income streams**.

Do not include payments for early retirement or genuine redundancy shown at 'Lump sum D' on your *PAYG payment summary – individual non-business* anywhere on your tax return, as they are not taxed.

ANSWERING THIS QUESTION

You will need your *PAYG payment summary – individual non-business*, *PAYG payment summary – foreign employment* or a comparable statement from your payer showing an amount at 'Lump sum A' or 'Lump sum B' where relevant.

If you do not have all your payment summaries or comparable statements, or if any of your comparable statements do not show an amount you received during the year that is either a 'Lump sum A' or a 'Lump sum B' contact your employer or payer. If you are unsuccessful in obtaining any of these, more information about making a statutory declaration is available at www.ato.gov.au

If you have received a *PAYG payment summary – foreign employment* showing an amount at 'Lump sum A' on which foreign tax has been paid you will also need to include the amount at **U** in item **20**.

COMPLETING YOUR TAX RETURN

If you do not have any amounts shown at 'Lump sum A' on your payment summaries, go to step 4.

Amounts shown at 'Lump sum A' on your payment summary

Step 1

Add up the total tax withheld from lump sum A amounts shown on your payment summaries. Do not include any amounts of tax withheld you have included at any other item, such as item **1** or **2**.

Write the answer under **Tax withheld** at the left of **R** item **3**.

Step 2

Add up all lump sum A amounts on your payment summaries.

Write the answer at **R** item **3**.

Step 3

Print in the **TYPE** box at the right of **R**:

R if the amount related to a genuine redundancy payment, an early retirement scheme payment, or the invalidity segment of an employment termination payment or superannuation benefit

T for all other situations.

Check with your payer if you are not sure.

If you do not have any amounts shown at 'Lump sum B' on your payment summaries, you have finished this question. Go to question **4**.

Amounts shown at 'Lump sum B' on your payment summary

Step 4

Add up the total tax withheld from lump sum B amounts shown on your payment summaries. Do not include any amounts of tax withheld you have included at step 1 above or at any other item, such as item **1** or **2**.

Write the answer under **Tax withheld** at the left of **H** item **3**.

Step 5

Add up all lump sum B amounts on your payment summaries.

Divide the total by 20 to work out 5% of the amounts. Only 5% of these amounts is taxable.

Write the answer at **H** item **3**.

MORE INFORMATION

For more information, go to www.ato.gov.au and enter 'Lump sum payments' in the 'Search for' box at the top of the page.

Employment termination payments (ETPs)

Income 4

This question is about employment termination payments (ETPs), which you received as a result of the termination of your employment.

These payments are shown on a *PAYG payment summary – employment termination payment* (NAT 70868).

This item also includes:

- death benefit ETPs; these are certain payments made as a consequence of the cessation of a person's employment that you received due to that person's death (see page 124 for more information)
- foreign ETPs; these are certain ETPs received from overseas employment which were exempt from income tax under that country's law (see page 117 for more information)
- late termination payments; these are certain ETPs you received more than 12 months after you retired or ceased employment (see page 124 for more information)
- transitional termination payments; these are certain ETPs you were entitled to on 9 May 2006 (see page 124 for more information).

Do not show the following payments anywhere on your tax return:

- foreign termination payments; these are certain termination payments that were not exempt from income tax of the foreign country (see page 123 for more information)
- directed termination payments; these are transitional termination payments that can, at your request, be paid by your employer to a complying superannuation fund or to purchase a superannuation annuity
- ETPs you received as the trustee of a deceased estate; these payments must be shown on the trust tax return of the deceased estate.

Did you receive an ETP?

NO ☐ Go to question 5.

YES ☐ Read below.

ANSWERING THIS QUESTION

You will need your *PAYG payment summary – employment termination payment*.

If you do not have all your payment summaries, contact your employer or payer. If you are unsuccessful in obtaining any of these, more information about making a statutory declaration is available at www.ato.gov.au

If you have received a foreign ETP, your foreign employer may not have issued you with a *PAYG payment summary – employment termination payment*. See page 117 for further instructions.

For information about **late termination payments**, **transitional termination payments**, **foreign termination payments**, **directed termination payments** and **death benefits dependants**, see pages 123–5.

COMPLETING YOUR TAX RETURN

If you received two or more ETPs, go to step 5. Otherwise, read on.

Step 1

Write in the left column at item 4 the date of payment and your payer's Australian business number (ABN), as shown on your *PAYG payment summary – employment termination payment*.

Step 2

Write the total amount of tax withheld from your ETP, as shown on your *PAYG payment summary – employment termination payment*, under **Tax withheld** at the left of I item 4.

4 Employment termination payments (ETPs)

Step 3

Write the taxable component of your ETP, as shown on your *PAYG payment summary – employment termination payment*, at **I** item **4**.

Step 4

Print the appropriate code letter for the payment type in the **TYPE** box at the right of **I** on your tax return. If none of the following apply to you, leave the box blank.

- T** if you received a transitional termination payment
- S** if you received an ETP in 2010–11 that was not a transitional termination payment or a death benefit ETP **and** you had received another such ETP in an earlier income year **for the same termination of employment**
- D** if you received a death benefit ETP and you were a **death benefits dependant**
- B** if you received a death benefit ETP in 2010–11 and you were **not** a death benefits dependant **and** you had received another death benefit ETP in an earlier income year **for the same termination of employment**
- N** if you received a death benefit ETP and you were **not** a death benefits dependant, and code **B** does not apply.

You have now finished this question, go to question **5**.

Step 5

If you received two or more ETPs, you need to complete an *Employment termination payment schedule* (NAT 71744) using the information shown on your payment summaries. To get a copy of the schedule go to **www.ato.gov.au** or phone **13 28 61**.

Step 6

When you have completed the schedule, transfer the totals you have written on it to item **4** on your tax return. Write the total tax withheld under **Tax withheld** at the left of **I**, write the total taxable component at **I**, and print the code letter **M** in the **TYPE** box.

Do not write any date of payment or payer's ABN on your tax return.

Step 7

Attach your schedule to page 3 of your tax return and print **X** in the **Yes** box at *Taxpayer's declaration* question **2a** on page 12 of your tax return.

MORE INFORMATION

For more information about employment termination payments (ETPs), go to **www.ato.gov.au** and enter 'employment termination payments' in the 'Search for' box at the top of the page.

Australian Government allowances and payments

Income 5

This question is about the following Australian Government payments:

- parenting payment (partnered)
- Newstart allowance
- Youth allowance
- partner allowance
- sickness allowance
- special benefit
- widow allowance
- Austudy payment
- exceptional circumstances relief payment
- interim income support payment
- an education payment of any of the following when you were 16 years old or older
 - ABSTUDY living allowance
 - payment under the Veterans' Children Education Scheme
 - payment under the Military Rehabilitation and Compensation Act Education and Training Scheme 2004, shown as 'MRCA Education Allowance' on your *PAYG payment summary – individual non-business*

- other taxable Commonwealth education or training payments
- an income support component from a Community Development Employment Project (CDEP), shown as 'Community Development Employment Projects (CDEP) payments' on your *PAYG payment summary – individual non-business*
- a CDEP scheme participant supplement.

Do not include any Australian Government allowances and payments that are not taxable, show these at item **IT3 Tax-free government pensions**; see **Amounts that you do not pay tax on** on pages 111–13.

Do not include any parental leave payments; show these at item **1 Salary and wages**.

Did you receive any of these payments?

- NO** ☐ Go to question 6.
- YES** ☐ Read below.

ANSWERING THIS QUESTION

You will need:

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

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

COMPLETING YOUR TAX RETURN

Step 1

Add up the tax withheld shown on each of your payment summaries and letters.

Write the total under **Tax withheld** at the left of **A item 5**.

Step 2

Add up the income shown on each of your payment summaries and letters.

Write the total at **A item 5**.

TAX TIPS

If you received Newstart allowance or were a Youth allowance job seeker, you may be able to claim some of your expenses as a deduction at item **D15** in *TaxPack 2011 supplement*. For more information see **What's new this year?** on page 3 of *TaxPack 2011*.

HELPFUL HINTS

If you prepare your tax return online using *e-tax*, you can use the pre-filling service to download these payments directly to your tax return.

6 Income

Australian Government pensions and allowances

This question is about the following Australian Government payments:

- age pension
- bereavement allowance
- carer payment
- disability support pension, if you have reached age-pension age
- education entry payment
- parenting payment (single)
- widow B pension
- wife pension, if either you or your partner was of age-pension age
- age service pension
- income support supplement
- Defence Force income support allowance (DFISA) where the pension, payment or allowance to which it relates is taxable

- DFISA-like payment from the Department of Veterans' Affairs (DVA)
- invalidity service pension, if you have reached age-pension age
- partner service pension.

Do not include any Australian Government pensions or allowances that are not taxable, these should be shown at item **IT3 Tax-free government pensions**; see **Amounts that you do not pay tax on** on pages 111–13.

Did you receive any of these payments?

NO ☐ Go to question 7.

YES ☐ Read below.

ANSWERING THIS QUESTION

You will need:

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

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

COMPLETING YOUR TAX RETURN

Step 1

Add up the tax withheld shown on each of your payment summaries and letters.

Write the total under **Tax withheld** at the left of **B** item 6.

Step 2

Add up the income shown on each of your payment summaries and letters.

Write the total at **B** item 6.

TAX TIPS

You may be entitled to a tax offset on this income. Make sure you work through questions **T2 Senior Australians** and **T3 Pensioner** to see whether you are entitled to a tax offset.

HELPFUL HINTS

If you prepare your tax return online using *e-tax*, you can use the pre-filling service to download these payments directly to your tax return.

Australian annuities and superannuation income streams

Income 7

This question is about income you received from **annuities** and **superannuation income streams**.

Annuities (also known as non-superannuation annuities) may be paid to you by life insurance companies and friendly societies. You may have received a *PAYG payment summary – individuals non-business* showing such amounts.

Superannuation income streams (including lump sum in arrears amounts) are paid to you by Australian superannuation funds, retirement savings account (RSA) providers and life insurance companies. You may have received a *PAYG payment summary – superannuation income stream* showing such amounts.

If you received a taxable Australian superannuation lump sum payment, include it at item **8**.

Do not show the following amounts anywhere on your tax return:

- the taxed element of a superannuation income stream you received after you turned 60 years old (these amounts are tax free and not included in your taxable income)
- the taxed element of a superannuation income stream paid to you as the result of the death of another person who died at 60 years old or older (these amounts are tax free and not included in your taxable income).

Did you receive any of these payments?

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

ANSWERING THIS QUESTION

You will need:

- your *PAYG payment summary – individual non-business* showing the gross payment of any annuities
- your *PAYG payment summary – superannuation income stream*; superannuation income stream benefits have two components which may be shown on your payment summary
 - a taxable component which includes
 - a taxed element, and
 - an untaxed element
 - a tax-free component (do **not** show your tax-free component anywhere on your tax return).

You may also need a statement from your payer showing the deductible amount of the undeducted purchase price (UPP) of the annuity so you can work out the amount to include as income at this item. If you have not received this information or you have lost it, contact your payer to obtain a copy.

You may not have received a *PAYG payment summary – superannuation income stream* because your entire superannuation income stream was tax-free. For example, you may not have received a payment summary if in 2010–11 your superannuation income stream contained only taxed elements received on or after you turned 60 years old.

COMPLETING YOUR TAX RETURN

Step 1: Tax withheld

Add up the tax withheld amounts on your payment summaries for your superannuation income streams and annuities.

Write the total in the left column under **Tax withheld** at item **7** on your tax return.

Step 2: Taxed element of taxable component

Add up the **taxed element** amounts that appear under the heading 'Taxable component' on your superannuation income stream payment summaries. Do not include any gross payments from annuities shown on a *PAYG payment summary – individual non-business* at this step. These are dealt with at step 4.

Write the total at **J** item **7**.

Step 3: Untaxed element of taxable component

Add up any **untaxed element** amounts that appear under the heading 'Taxable component' on your superannuation income stream payment summaries, and write the total at (a) in **worksheet 1** on the next page. If you did not receive any, write **0**.

Step 4: Annuities

If you did not receive any Australian annuities, write **0** at (b) in **worksheet 1** below and go to step 5.

If you received an annuity, your payer may have provided you with a statement showing the **deductible amount** of the UPP of your annuity. If you do not have details of the deductible amount, contact your payer for assistance. If your payer cannot tell you, phone **13 10 20**.

Subtract the deductible amount from the gross amount of the annuity shown on your *PAYG payment summary – individual non-business*.

- If the answer is a negative amount then the amount is treated as if it was zero.
- If you had more than one annuity, repeat this step for each one.
- Add these amounts and write your total at (b) in **worksheet 1**.

Step 5: Total untaxed element

Add (a) and (b) in **worksheet 1**.

WORKSHEET 1	
Working out the total of untaxed elements and annuity amounts	
Total untaxed element amounts from superannuation income streams (from step 3)	\$ <input type="text"/> (a)
Total amounts from annuities (from step 4)	\$ <input type="text"/> (b)
Add (a) and (b).	\$ <input type="text"/> (c)

Transfer the amount at (c) to **N** item **7**.

If you did not receive any superannuation income stream lump sums in arrears, go to question **8**.

Step 6: Taxed element of lump sums in arrears

Add up all the **taxed element** amounts that appear under the heading 'Lump sum in arrears – taxable component' on your superannuation income stream payment summaries.

Write the total at **Y** item **7**.

Step 7: Untaxed element of lump sums in arrears

Add up all the **untaxed element** amounts that appear under the heading 'Lump sum in arrears – taxable component' on your superannuation income stream payment summaries.

Write the total at **Z** item **7**.

LUMP SUMS IN ARREARS TAX OFFSET

You may be entitled to a tax offset if you received a superannuation income stream lump sum in arrears. However, you need to provide additional information.

- On a separate sheet of paper:
 - print SCHEDULE OF ADDITIONAL INFORMATION – ITEM 7
 - print your name, address and tax file number
 - write the amount of the payment in arrears for each income year involved. For example, if you received \$900 in 2010–11 as a lump sum in arrears, \$600 of that lump sum could be due to you for 2008–09 and \$300 for 2009–10. You would write **2008–09 \$600** and **2009–10 \$300**. If you do not have that information, contact the payer of your superannuation income stream.
- Attach your schedule to page 3 of your tax return.
- Print **X** in the **Yes** box at *Taxpayer's declaration* question **2a** on page 12 of your tax return.

TAX TIPS

You may be entitled to the:

- senior Australians tax offset; read question **T2** on pages 68–70 for more information
- superannuation income stream tax offset; read question **T4** on page 72 for more information.

Australian superannuation lump sum payments

Income 8

This question is about Australian superannuation lump sum payments or superannuation death benefit payments you received, including those paid by:

- superannuation funds
- approved deposit funds
- retirement savings account providers
- life insurance companies.

It is also about any:

- amounts we paid to you in respect of the superannuation guarantee charge or the superannuation holding accounts special account
- payments you received from the unclaimed money registers.

Do not show on your tax return any:

- tax-free component (including any super co-contribution payment from us)
- lump sum payments you received as a **death benefits dependant** (see the definition on page 124)
- taxed element of superannuation lump sum payment you received on or after your 60th birthday unless it is a death benefit superannuation lump sum payment paid to you as a non-dependant

- superannuation lump sum payment received as the trustee of a deceased estate (this payment must be shown on the trust tax return of the deceased estate)
- amounts released under a 'release authority' issued to you because of an excess contributions tax assessment
- amounts paid to you because you have a **terminal medical condition** (see the definition on page 125) as these amounts are tax free.

You need to complete this item if you received a *PAYG payment summary – superannuation lump sum* (NAT 70947) that shows a taxed or untaxed element.

Show lump sums you received from foreign superannuation funds at item **20** on your tax return (supplementary section).

Did you receive any of these payments?

NO ☐ Go to question 9.

YES ☐ Read below.

ANSWERING THIS QUESTION

You will need your *PAYG payment summary – superannuation lump sum*.

If you have not received it, have lost it or think the details (such as the dependency status) on it are wrong, contact your payer. If you still cannot obtain it or cannot agree on the details, go to www.ato.gov.au for more information about making a statutory declaration and enter 'statutory declaration' in the 'Search for' box at the top of the page.

COMPLETING YOUR TAX RETURN

If you received more than one superannuation lump sum during the year, go to step 5. Otherwise, read on.

Step 1

Write in the left column at item **8** the date of payment and your payer's Australian business number (ABN), as shown on your *PAYG payment summary – superannuation lump sum*.

Step 2

Write the total amount of tax withheld, as shown on your payment summary, under **Tax withheld** at item **8**.

Step 3

Did you receive a death benefit lump sum payment when you were not a death benefits dependant of the deceased?

NO ☐ Go to step 4.

YES ☐ Print **N** in the **TYPE** box at item **8** on your tax return. Read below.

Step 4

The taxed element and untaxed element of your superannuation lump sum are on your payment summary.

Write the taxed element amount at **Q** item **8**.

Write the untaxed element amount at **P** item **8**.

You have now finished this question. Go to question 9.

8 Australian superannuation lump sum payments

Step 5

If you received two or more superannuation lump sums, you need to complete a *Superannuation lump sum schedule* (NAT 71743) using the information shown on your payment summaries. You can obtain a copy of the schedule from our website or by phoning **13 28 61**.

Step 6

When you have completed the schedule, add up the total tax withheld, taxed elements and untaxed elements from each superannuation lump sum you received, and transfer these amounts to item **8** on your tax return.

Write the total tax withheld in the **Tax withheld** column.

Write the total taxed elements at **Q** and the total untaxed elements at **P**. Print the code letter **M** in the **TYPE** box.

Do not write any date of payment or payer's ABN on your tax return.

Step 7

Attach your schedule to page 3 of your tax return and print **X** in the **YES** box at *Taxpayer's declaration* question **2a** on page 12 of your tax return.

MORE INFORMATION

For more information about Australian superannuation lump sums, go to **www.ato.gov.au** and enter 'Key factors that affect how your super payout is taxed' or 'Understanding a death benefit paid from a super fund' in the 'Search for' box at the top of the page.

Attributed personal services income

Income 9

You must complete this item if you provided personal services and you:

- received a *PAYG payment summary – business and personal services income* showing an X against ‘Personal services attributed income’, or
- had personal services income attributed to you.

If you provided personal services and payment was made to you as a sole trader, do not complete this item. You must answer question **14** in *TaxPack 2011 supplement* and complete item **P1** in the *Business and professional items schedule for individuals 2011* (NAT 2816).

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 (a company, partnership or trust).

If your personal services income is paid to a personal services entity, the income (less certain deductions relating to gaining or producing that income) may be attributed to you unless:

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

Did you receive any attributed personal services income?

NO ☐ Go to question **10**.

YES ☐ Read below.

ANSWERING THIS QUESTION

You will need:

- your *PAYG payment summary – business and personal services income* showing the amount of personal services income attributed to you and the total amount of tax paid or withheld
- 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.

COMPLETING YOUR TAX RETURN

Step 1

Write the total amount of tax withheld from the personal services income attributed to you under **Tax withheld** at the left of **O** item **9**.

Step 2

Write the total amount of personal services income attributed to you at **O** item **9**.

TAX TIPS

If the personal services entity has a net loss relating to your personal services income, no amount is attributed to you. However, you should read question **D15** in *TaxPack 2011 supplement* to claim a deduction for the loss.

MORE INFORMATION

You can find an explanation of the rules relating to the attribution of personal services income in *Taxation Ruling TR 2003/6: Income tax – attribution of personal services income*.

Total tax withheld

COMPLETING YOUR TAX RETURN

Step 1

Add up all the amounts in the **Tax withheld** column at items **1** to **9** on page 2 of your tax return.

Step 2

Write the total amount at **TOTAL TAX WITHHELD**.

HELPFUL HINTS

Tax offsets and tax withheld

If your tax offsets have changed since you last filled in a *Withholding declaration* (NAT 3093), you need to complete a new declaration.

Other amounts withheld

If you have to lodge activity statements:

- make sure you lodge all your activity statements before you lodge your tax return
- do not show pay as you go (PAYG) instalments anywhere on your tax return. These are automatically credited to you in your assessment.

This question is about interest paid or credited to you from any source in Australia, including accounts and term deposits held with financial institutions in Australia. This includes:

- interest we paid or credited to you
- interest from children's accounts you opened or operated with funds that belonged to you or funds that you used as if they belonged to you. For more information about children's accounts, see *Taxation Ruling IT 2486 – Income tax: children's savings accounts* on our website.

Refer to *TaxPack 2011 supplement* if you have any of the types of interest listed below:

- distributions of interest you received, or were entitled to receive, from a partnership or trust (including a cash management trust, property trust, unit trust or other similar trust investment product); see question **13**
- interest from a foreign source; see question **20**
- interest from the land transport facilities tax offset scheme or infrastructure borrowings scheme; see question **24**.

Was any interest paid or credited to you from any source in Australia?

NO ☐ Go to question **11**.

YES ☐ Read below.

ANSWERING THIS QUESTION

You will need:

- your statements, passbooks and other documentation from your financial institutions and other sources that show 2010–11 interest income
- any notice of assessment or amended assessment you received from us during 2010–11 that shows interest on early payments or interest on overpayments.

Tax file number (TFN) amounts are amounts of tax withheld by financial institutions because you did not provide your TFN or Australian business number (ABN) to them. TFN amounts are shown on your statement or document as 'Commonwealth tax' or 'TFN withholding tax'. These amounts must be included as gross interest on your tax return.

Do not include any interest credited to a first home saver account, or included as part of a payment to you from such an account, at this item or anywhere else on your tax return.

If you were a non-resident when you received or were credited with the interest, do not include it here; see page 117 for information about non-resident withholding tax on these amounts.

If you had any joint accounts, show only your share of the interest. This will be half if you held the account equally with one other person. Keep a record of how you worked out your proportion if you and the other account holders did not share the amounts of interest equally.

COMPLETING YOUR TAX RETURN

Step 1

Add up the amounts of gross interest you received in 2010–11.

Step 2

Write the total amount of your gross interest at **L** item **10**. Do not show cents. If the total was less than \$1, do not write anything.

Step 3

Add up all your TFN amounts but do not include any which have already been refunded to you, as shown on your statements. Write the total at **M** item **10**. Show cents.

11 Income

Dividends

This question is about dividends and distributions that were paid or credited to you by Australian companies that you had shares in. These include:

- dividends applied under a dividend reinvestment plan
- dividends that were dealt with on your behalf
- bonus shares that qualify as dividends.

Your dividend statements will show the amounts and should show the payment dates.

Dividends include:

- distributions by a corporate limited partnership
- dividends paid by a corporate unit trust
- dividends paid by a public trading trust
- dividends paid by a listed investment company.

The following may also be included as dividends:

- earnings you received, or were credited with, on a non-share equity interest
- amounts you received from, or were credited by, a private company as a shareholder or an associate of a shareholder in the form of payments, loans or debts forgiven (these are generally unfranked dividends)

- amounts you received from, or were credited by, the trustee of a trust estate in the form of payments, loans or debts forgiven where a private company in which you were a shareholder, or an associate of a shareholder, had an unpaid present entitlement (or was going to have such an entitlement by a certain time) from the trust (these are generally unfranked dividends).

Do not include dividends paid under a demerger unless the company advised you to include them.

If you received, or were credited with, a dividend when you were not an Australian resident, see page 117.

Were you paid or credited with any dividends by Australian companies?

NO ☐ Go to question 12.

YES ☐ Read below.

ANSWERING THIS QUESTION

You will need your statements from each Australian company, corporate limited partnership, corporate unit trust, public trading trust and listed investment company that paid you dividends or made distributions to you between 1 July 2010 and 30 June 2011.

Statements may show:

- amounts of franked and unfranked dividends
- amounts of franking credits
- tax file number (TFN) amounts withheld from unfranked dividends.

Franking credits are amounts of tax paid by the company that are allocated to your dividend or distribution. You include as assessable income both the amount of your dividend or distribution and the amount of the franking credits allocated to you. You also receive a tax credit on your tax assessment for an amount equal to the franking credits.

If within 45 days of buying the shares (90 days for certain preference shares), you either sold them or entered into an arrangement to reduce the risk of making a loss on them, you may not be entitled to claim the franking credits. Additionally, if you were under an obligation to make, or were likely to make, a related payment, you may not be entitled to claim the franking credits. See **Holding period rule** and **Related payments rule** on pages 118–19 for more information.

TFN amounts are amounts of tax withheld from dividends and some distributions by investment bodies because you did not provide your TFN or ABN to them. TFN amounts are shown on your dividend statement. These amounts must be included in the amount of unfranked dividends you write on your tax return.

If you had any shares in joint names, show only your proportion of the dividends. This would be half if you held the shares equally with one other person. Keep a record of how you worked out your proportion if you and the other joint owners did not own the shares equally.

COMPLETING YOUR TAX RETURN

If any of your statements do not show franked and unfranked portions of the dividend, include the total dividend amount at **T** item **11** when you complete step 2.

Step 1

Add up all the unfranked dividend amounts from your statements, including any TFN amounts withheld. Also include any other amounts that are treated as dividends.

Write the total amount at **S** item **11**.

Step 2

Add up all the franked dividend amounts from your statements, and any other franked dividends paid or credited to you.

Write the total amount at **T** item **11**.

Step 3

Add up the franking credit amounts that you are entitled to claim shown on your statements. Do not include them if the **holding period rule** or **related payments rule** prevents you from claiming them. See pages 118–19 for more information.

Write the total amount at **U** item **11**.

Step 4

Add up any TFN amounts withheld that have not been refunded to you.

Write the total amount at **V** item **11**. Show cents.

Keep your dividend statements. More information on record keeping is available on our website at **www.ato.gov.au**

TAX TIPS

Refer to *TaxPack 2011 supplement* if any of the following apply to you:

- you received a distribution from a partnership or trust, see question **13**
- you carried on a business of trading in shares, see question **15**
- you sold, redeemed, cancelled or otherwise disposed of shares during the year (but did not carry on a business of trading in shares), see question **18**
- you received dividends from a foreign company, see question **20**
- a New Zealand company paid you a dividend with Australian franking credits attached, see question **20**
- you received dividends or a distribution on which family trust distribution tax had been paid, see question **A4**.

MORE INFORMATION

For more information about shares, dividends and amounts treated as dividends, see *You and your shares 2011* (NAT 2632).

For information about capital gains tax, see *Guide to capital gains tax 2011* (NAT 4151).

12 Income

Employee share schemes

This question is about **discounts** on 'employee share scheme interests' (ESS interests) that you received under an employee share scheme. ESS interests are:

- shares
- stapled securities (provided at least one of the stapled interests is a share in a company)
- rights to acquire shares and stapled securities.

The discount is the difference between the market value of the ESS interests and the amount you or one of your associates paid to acquire them.

The ESS interests can be:

- from an Australian company or a foreign company
- related to your employment inside or outside Australia.

You will be taxed on the discount in the year in which you acquired the interest in the scheme. Such schemes are known as 'taxed-upfront schemes'. However, if you and the scheme meet certain conditions the taxing point is deferred until a later time. These schemes are known as 'tax-deferred schemes'.

For more information, see *ESS – guide for employees* available at www.ato.gov.au

Did you receive a discount on ESS interests you acquired under a 'taxed upfront scheme'?

Did a deferred taxing point occur in respect of ESS interests you acquired at a discount under a tax-deferred scheme?

Did a 'cessation time' occur during 2010–11 in relation to shares, stapled securities or rights you acquired before 1 July 2009 under an employee share scheme and you had not elected to be taxed upfront on the discount on those shares etc?

For more information about 'cessation time', shares, stapled securities or rights acquired before 1 July 2009, see *Employee share schemes – answers to frequently asked questions by employees* available at www.ato.gov.au

NO ☐ If you answered no to all three questions, go to **Income that you show on the supplementary section of the tax return.**

YES ☐ If you answered yes to any question, read on.

You can no longer choose when to be taxed on the discount you receive on ESS interests. The conditions of the scheme in which you participate and your personal circumstances determine when you pay tax on the discount you receive.

In some circumstances, you may be entitled to reduce the amount of the discounts received under 'taxed-upfront schemes' by up to \$1,000. You may qualify for the reduction if the following amounts add up to \$180,000 or less:

- your taxable income for the year (calculated as though you are not entitled to the \$1,000 reduction)
- your total reportable fringe benefits amounts (**W** item **IT1**)
- your reportable employer superannuation contributions (**T** item **IT2**)
- your net financial investment loss (**X** item **IT5**)
- your net rental property loss (**Y** item **IT6**)
- your deductible personal superannuation contributions (**H** item **D12**).

For more information, see *ESS – guide for employees* available at www.ato.gov.au

The rules of the scheme or a letter from your employer should advise you whether you have acquired ESS interests under a taxed-upfront or tax-deferral scheme. Your employer must provide you with an employee share scheme statement which shows you the value of any discounts you have received on your ESS interests in 2010–11. You will need this statement to complete this item.

ANSWERING THIS QUESTION

You will need your *Employee share scheme statement* from each employer with whom you participated in an employee share scheme. Each statement shows the amount of your discount and whether your discount was from:

- a taxed-upfront scheme eligible for reduction
- a taxed-upfront scheme not eligible for reduction
- tax-deferred schemes, or
- a pre-1 July 2009 scheme and a 'cessation time' occurred during the income year.

Statements may also show 'tax file number (TFN) amounts withheld' where applicable. TFN amounts withheld are amounts of tax withheld when you do not provide your TFN or ABN to your employer.

If you received ESS interests from a foreign employer, you might not receive an ESS statement. You will need to contact your employer for details of the employee share scheme in which you participated to enable you to complete your tax return.

If you do not have all your employee share scheme statements or comparable statements, contact your employer. If you are unsuccessful in obtaining any of these, go to www.ato.gov.au for more information about making a statutory declaration.

If an associate has acquired an ESS interest as a result of your employment, you must include the discount in your assessable income. Your associates will not need to include the discount on their tax return.

If you qualify as a temporary resident for tax purposes, special rules may apply if you acquired ESS interests under pre-1 July 2009 employee share scheme rules or ESS interests under an employee share scheme. See *Foreign income exemption for Australian residents and temporary residents – employee share schemes* available at www.ato.gov.au

If you disposed of your ESS interests because of a corporate restructure or takeover and received replacement shares, stapled securities or rights, special provisions may apply. See the electronic publication *ESS – rollover relief* available at www.ato.gov.au

COMPLETING YOUR TAX RETURN

For the purposes of steps 1 to 3, 'employee share scheme statement' includes comparable statements and statutory declarations.

If a discount you have received is from a foreign source and it relates to a period when you were a foreign resident for income tax purposes, then you do not include the discount at this item or anywhere else on your tax return.

Step 1

Add up all the discount amounts you received from 'taxed-upfront schemes eligible for reduction' including amounts shown on your employee share scheme statements and any foreign source discounts you received.

Write the total amount at **D** item **11**.

Step 2

Add up all the discount amounts you received from 'taxed-upfront schemes not eligible for reduction' including amounts shown on your employee share scheme statements and any foreign source discounts you received.

Write the total amount at **E** item **12**.

Step 3

Add up all the discount amounts you received from 'tax-deferred schemes' where a 'deferred taxing point' occurred during 2010–11 including amounts shown on your employee share scheme statements and any foreign source discounts you received.

Write the total amount at **F** item **12**.

Step 4

Add up all the discount amounts from employee share scheme interests you acquired before 1 July 2009 where:

- you did not make an election to be taxed upfront at the time you received them, and
- a 'cessation time' occurred during 2010–11.

Write the total amount at **G** item **12**.

If the discount amount is not on the statement, contact your employer or see *ESS – guide for employees* available at www.ato.gov.au

Step 5

If you did not write an amount at **D**, go to step 6.

If you wrote an amount at **D**, you may be entitled to a reduction of up to \$1,000 on the amount that you are assessed on. To determine your eligibility you will first need to work out whether you satisfy the income test.

Calculate your taxable income (as if you were **not** entitled to this reduction). If you had a taxable loss, treat it as zero for the purposes of this calculation.

Add your taxable income to the following amounts (which you must complete at **Income tests** on page 8 of your tax return; see pages 101–6 in *TaxPack 2011*):

- your total reportable fringe benefits amounts (**W** item **IT1**)
- your reportable employer superannuation contributions (**T** item **IT2**)
- your net financial investment loss (**X** item **IT5**)
- your net rental property loss (**Y** item **IT6**)
- your deductible personal superannuation contributions (**H** item **D12**).

If the amount that you calculated was greater than \$180,000, you do not satisfy the income test and are not entitled to a reduction. Add up the amounts that you wrote at **D**, **E**, **F** and **G**. Write the total at **B**.

If the amount that you calculated was less than or equal to \$180,000, you satisfy the income test and are eligible for the reduction of up to \$1,000:

- if the amount at **D** is less than or equal to \$1,000, add up the amounts that you wrote at **E**, **F** and **G** and write the total at **B**, or
- if the amount at **D** is greater than \$1,000, add up the amounts at **D**, **E**, **F** and **G** then take \$1,000 away from the total. Write the resulting amount at **B**.

Go to step 7.

Step 6

Add up the amounts that you wrote at **E**, **F** and **G**. Write the total at **B**.

Step 7

Add up all the TFN amounts withheld from discounts from your employee share scheme statements and write the sum at **C**.

Step 8

If you did not pay foreign income tax in respect of any discounts you received on ESS interests you have finished this question; go to **Income that you show on the supplementary section of the tax return**. Otherwise, read on.

You may be entitled to claim a foreign income tax offset for discounts if you have paid foreign income tax in respect of the discounts.

You will not be entitled to claim a foreign income tax offset for any discounts that relate to a period when you were a foreign resident for income tax purposes.

Write at **A**, the total amount of your discounts from ESS interests for which you are claiming a foreign income tax offset.

To claim a foreign income tax offset, you must complete **O** item **20** on your tax return (supplementary section). For information on how to calculate a foreign income tax offset you will need to read *Guide to foreign income tax offset rules 2010–11* available at www.ato.gov.au

If you have paid foreign tax in respect of discounts on ESS interests included in your assessable income in a prior financial year, you may be entitled to foreign income tax offset for that year. To claim this tax offset, you need to request an amendment to your tax return for that financial year. See page 127 on how to request an amendment for a prior year tax return.

MORE INFORMATION

For more information about employee share schemes, see *ESS – guide for employees* available at www.ato.gov.au

HELPFUL HINTS

Do not attach your employee share scheme statements to your tax return. Make sure you keep your statements for at least five years after you are assessed on your discounts.

Income that you show on the supplementary section of the tax return

Income I

You need to use *TaxPack 2011 supplement* if you had any of the following types of income or losses.

TYPES OF INCOME

- Partnership and trust distributions
- Personal services income (other than salary and wage income)*
- Income from a business (including one where you were self-employed)
- Income under a pay as you go (PAYG) voluntary agreement
- Income from which an amount was withheld because you did not quote your Australian business number
- Income received as an independent contractor under a labour hire arrangement
- Income you earned as a non-employee taxi driver, for example, a driver operating under a standard bailment agreement with an owner-operator
- Income from which an amount was withheld due to the operation of foreign resident withholding
- Income you deposited into a farm management account
- Income you withdrew from a farm management account
- A capital gain, for example, on disposal of a capital gains tax (CGT) asset
- A distribution from a foreign entity
- Income attributed to you from a controlled foreign company, foreign investment fund, foreign life policy or a transferor trust (foreign income)
- Income shown on a foreign employment payment summary
- Any other foreign employment income
- Income received from a foreign source, including foreign pensions and foreign dividends, for example, New Zealand dividends with Australian franking credits**
- Rent
- Bonuses from life insurance companies and friendly societies
- Forestry managed investment scheme income
- Gains from financial arrangements calculated under the taxation of financial arrangements (TOFA) rules

* Personal services income includes the following payments specified by regulation ('specified payments'):

- income as a performing artist in a promotional activity
- payment for tutorial services provided for the Indigenous Tutorial Assistance Scheme of the Department of Education, Employment and Workplace Relations
- payment for translation and interpretation services for the Translating and Interpreting Service of the Department of Immigration and Citizenship.

- Other income not shown at items 1 to 12

'Other income' includes:

- an amount released by one or more of your superannuation funds greater than the excess contributions tax liability stated on the release authority. The release authority is sent to you with the notice of assessment for excess contributions tax
- lump sum payments in arrears (except those relating to superannuation; you show these at item 7)
- jury attendance fees
- foreign exchange gains
- royalties
- bonus amounts distributed from friendly society income bonds
- taxable scholarships, bursaries, grants and other educational awards
- benefits and prizes from investment-related lotteries and some game-show winnings
- income from your activities as a special professional, such as author of a literary, dramatic, musical or artistic work; an inventor; a performing artist; a production associate or an active sportsperson
- reimbursements of tax-related expenses or election expenses which you have claimed as a deduction
- an assessable balancing adjustment from the disposal, loss or destruction of any depreciating asset, including your car, for which you have claimed a deduction for decline in value
- payments from sickness and accident insurance policies other than those shown on your payment summary
- interest from the land transport facilities tax offset scheme or infrastructure borrowings
- gains from the disposal or redemption of traditional securities
- allowances or payments you received as a member of a local government council that you have not already shown at item 1 or 2
- other taxable allowances or payments you received from Centrelink that are not shown at item 5 or 6
- work-in-progress amounts you received and have not shown at item 15.

** You must also complete the supplementary section of the tax return if:

- you own foreign assets (including an interest in a foreign life policy or foreign company or trust, or shares)
- you have ever directly or indirectly caused the transfer of property (including money) or services to a non-resident trust estate.

I Income that you show on the supplementary section of the tax return

Types of losses

- A business loss (including one when you were self-employed)
- A deferred non-commercial business loss
- A capital loss, for example, on disposal of a CGT asset
- Non-capital loss from the disposal or redemption of traditional securities

Did you have any of these types of income or losses?

NO ☐ Go to **Total income or loss**.

YES ☐ Read below.

ANSWERING THIS QUESTION

You can find the *Tax return for individuals (supplementary section) 2011* at the back of *TaxPack 2011 supplement*. If you don't have a copy of this supplement, you can get one from most newsagents during the lodgment period (1 July to 31 October 2011). Copies are also available all year from our Publications Distribution Service (see the inside back cover) and shopfronts.

If you had a business or personal services income, or deferred non-commercial losses, you will need to read the publication *Business and professional items 2011* (NAT 2543) then complete the *Business and professional items schedule for individuals 2011* (NAT 2816) and attach it to page 3 of your tax return.

COMPLETING YOUR TAX RETURN

After completing all details that are relevant to your circumstances on the *Tax return for individuals (supplementary section) 2011*, transfer the **TOTAL SUPPLEMENT INCOME OR LOSS** amount on page 8 to item **I** on page 3 of your *Tax return for individuals 2011*. If it is a loss, print **L** in the **LOSS** box beside it.

HELPFUL HINTS

If you were 55 years old or older on 30 June 2011, you may be entitled to the mature age worker tax offset. Certain income from the supplementary section will be used to calculate your net income from working. See question **T12 Net income from working – supplementary section** in *TaxPack 2011 supplement* for further information.

Income

Total income or loss

COMPLETING YOUR TAX RETURN

Go to **TOTAL INCOME OR LOSS** on page 3 of your tax return.

Step 1

Check that you have shown all your income.

Step 2

Add up all the amounts in the right-hand column of items **1** to **12** on pages 2–3 of your tax return.

Step 3

If below item **12** on your tax return you have no amount at **I** go to step 4, otherwise read on. If the amount at **I** is a loss you take it away from your total from step 2, otherwise add the amount at **I** to your total from step 2.

Step 4

Write your answer at **TOTAL INCOME OR LOSS**.

If your answer is a loss, print **L** in the **LOSS** box at the right of **TOTAL INCOME OR LOSS**.

Claiming deductions

You may be able to claim deductions for **work-related expenses** you incurred while performing your job as an employee. You **incur** an expense in an income year when:

- you receive a bill or invoice for an expense that you are liable for and must pay (even if you don't pay it until after the end of the income year), or
- you do not receive a bill or invoice but you are charged and you pay for the expense.

These expenses include:

- car expenses, including fuel costs and maintenance
- travel costs
- clothing expenses
- education expenses
- union fees
- home computer and phone expenses
- tools and equipment expenses
- journals and trade magazines.

You may also be able to claim some deductions which are **not work related**. They are:

- interest and dividend deductions for investments
- deductions for gifts and donations
- a deduction for the cost of managing your tax affairs.

For more information and examples explaining the meaning of 'incurred', refer to *Taxation Ruling TR 97/7 – Income tax: section 8-1 – meaning of 'incurred' – timing of deductions*. This publication is available on our website. See the inside back cover to find out how to obtain a printed copy.

GOODS AND SERVICES TAX

If your expense includes an amount of goods and services tax (GST), the GST is part of the total expense and is therefore part of any deduction. For example, if you incurred union fees of \$440 which included \$40 GST, you claim a deduction for \$440.

FOREIGN EMPLOYMENT PAYMENT SUMMARY

If you received a *PAYG payment summary – foreign employment* then any deductions that you are entitled to claim in respect of the income shown on that payment summary must be claimed at items **D1** to **D6**, where relevant.

All foreign deductions must be translated (converted) to Australian dollars before you complete this item. More information on how to translate your foreign deductions is available on our website or you can phone **13 28 61** to get information about the exchange rates.

BASIC RULES

You must have incurred the expense in 2010–11.

The expense must not be private, domestic or capital in nature. For example, the costs of normal travel to and from work, and buying lunch each day are private expenses. If you incurred an expense that was both work-related and private or domestic in nature, you can claim a deduction only for the work-related portion of the expense.

If you incurred an expense that was capital in nature you may be able to claim a deduction for the decline in value of the depreciating assets you acquired. See **Decline in value of a depreciating asset** on the next page.

If you incurred an expense for services paid in advance, read **Advance expenditure** below to decide what part of the expense is deductible in 2010–11.

You cannot claim a deduction for an expense to the extent that:

- someone else paid the expense, or you were, or will be, reimbursed for the expense, and
- the payment or reimbursement is a fringe benefit (including an exempt benefit).

RECORD KEEPING FOR WORK-RELATED EXPENSES

You must be able to substantiate your claims for deductions with written evidence if the total amount of deductions you are claiming is greater than \$300. The records you keep must prove the total amount, not just the amount over \$300.

If the total amount you are claiming is \$300 or less, you need to be able to show how you worked out your claims, but you do not need written evidence.

More information on written evidence is available at www.ato.gov.au

ADVANCE EXPENDITURE

If you have prepaid an amount for a service costing \$1,000 or more, and the service extends for a period of more than 12 months or beyond 30 June 2012 (such as a subscription to a journal relating to your profession), you can claim only the portion that relates to the 2010–11 income year. You can also claim the proportion of your pre-paid expenses from a previous year that relate to the 2010–11 income year. For more information, see *Deductions for prepaid expenses 2011* (NAT 4170).

ALLOWANCES

If you received an allowance that you showed at item **2** on your tax return, you may be able to claim a deduction for your expenses covered by the allowance but only to the extent that you

actually incurred those expenses in producing your employment income and the basic rules discussed on the previous page are satisfied. For example, if you received a tools allowance of \$500 and your tool expenses were \$300, you include the whole amount of the allowance at item **2** on your tax return and claim a deduction of \$300 at item **D5**.

DECLINE IN VALUE OF A DEPRECIATING ASSET

You may be able to claim a deduction for the decline in value of a depreciating asset which you held during the 2010–11 year to the extent that you used it to produce income that you show on your tax return.

A depreciating asset is an asset that has a limited effective life and can reasonably be expected to decline in value over the time it is used. Depreciating assets include items such as tools, reference books, computers and office furniture.

The decline in value of a depreciating asset is worked out on the basis of its effective life. You may either make your own estimates of its effective life or use the Commissioner's effective life determinations (see *Taxation Ruling TR 2010/2 – Income tax: effective life of depreciating assets* for assistance with both).

You may be able to claim an immediate deduction for the full cost of depreciating assets costing \$300 or less provided certain conditions are met. For more information, see the *Guide to depreciating assets 2011*. This publication is available on our website. See the inside back cover to find out how to obtain a printed copy.

CAR AND TRAVEL EXPENSES

'Work-related car expenses' and 'work-related travel expenses' are expenses you incur in the course of performing your job as an employee. You claim deductions for them at items **D1** and **D2**.

The deductions include the cost of trips between your home and your workplace if:

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

Work-related car and travel expenses also include the cost of trips:

- between two separate places of employment (for example, when you have a second job)
- from your normal workplace to an alternative workplace while you are still on duty and back to your normal workplace or directly home
- from your home to an alternative workplace and then to your normal workplace or directly home (for example, if you travel to a client's premises to work there for the day).

If the travel was partly private, you can claim only the work-related part.

You cannot claim normal trips between your home and your workplace, even if:

- you did minor work-related tasks at home or between home and your workplace
- you travelled between your home and workplace more than once a day
- you were on call
- there was no public transport near work
- you worked outside normal business hours
- your home was a place where you ran your own business and you travelled directly to a place of employment where you worked for somebody else.

Complete item **D1** for work-related expenses for a car you owned, leased or hired under a hire purchase agreement (and the expense is not a travel expense which you show at item **D2**).

Complete item **D2** for the following work-related car and travel expenses:

- expenses for vehicles with a carrying capacity of one tonne or more, or nine or more passengers (for example, utility trucks and panel vans)
- expenses for motorcycles
- short-term car hire
- public transport fares
- bridge and road tolls
- parking fees
- taxi fares
- petrol, oil and repair costs relating to work-related travel you did in a car owned or leased by someone else
- meal, accommodation and incidental expenses you incurred while away overnight for work.

Award transport payments

If you received an award transport payment that was paid under an industrial law or award in force on 29 October 1986, go to www.ato.gov.au and enter 'Claiming a deduction for car expenses – award transport payments' in the 'Search for' box at the top of the page for information on how to claim it.

For information about what expenses you claim as car expenses (item **D1**) and what expenses you claim as travel expenses (item **D2**), and some examples of trips you can and cannot claim, see **Car and travel expenses** on the previous page.

This question is about work-related expenses you incurred as an employee for a car you:

- owned (even if it is not registered in your name)
- leased (even if it is not registered in your name), or
- hired under a hire-purchase agreement.

Did you have any of these work-related car expenses?

NO ☐ Go to question **D2**.

YES ☐ Read below.

ANSWERING THIS QUESTION

You may need:

- written evidence for your car expenses (receipts, invoices or diary entries)
- your car logbook and odometer records.

You can choose one of four methods to work out your car expenses. If you qualify to use more than one method, you can use whichever gives you the largest deduction or is most convenient. These methods are:

- cents per kilometre
- 12% of original value
- one-third of actual expenses
- logbook.

They are summarised on the following pages.

You must have the necessary evidence for the method you choose.

Each method requires you to know or estimate your business kilometres. Business kilometres are the kilometres you travelled in the car in the course of earning assessable income (includes work-related activities). For some examples of trips you can and cannot claim, see **Car and travel expenses** on the previous page.

We also have online calculators to assist you. Go to **www.ato.gov.au/calculators** and select the work-related expenses option.

If you received assessable income from your work as an employee outside Australia, including any assessable foreign employment income shown on your *PAYG payment summary – foreign employment*, you can claim any work-related car expenses you incurred in earning that income at this item.

Deductions for decline in value (depreciation)

You can claim a deduction for the decline in value of the car only if you owned it or hired it under a hire-purchase agreement and you must use either the 'one-third of actual expenses' or the 'logbook' method.

If you leased a luxury car, see **Special circumstances and glossary** on page 119 for more information.

Remember:

- The car starts to decline in value from the day you first use it, even if you don't begin using it for work until a later time.
- You can claim a deduction only for a year in which you used the car for work.
- If you used the 'logbook' method and owned your car for only part of the year, you will need to apportion your deduction accordingly.

If you are claiming a deduction for the decline in value of a car, you should refer to the publication *Guide to depreciating assets 2011* (NAT 1996). To find out how to get a copy, see the inside back cover.

Was your car sold, disposed of, stolen or destroyed?

If you have been claiming deductions for your car and, during the income year, you sold or disposed of it, or it was stolen or destroyed, you may need to make a balancing adjustment. You do not need to make a balancing adjustment if you used only the 'cents per kilometre' or '12% of original value' method for calculating expenses for your car.

D1 Work-related car expenses

The publication *Guide to depreciating assets 2011* explains how to work out the amount of the balancing adjustment.

If you had a loss after making the adjustment, include your deduction for it at item **D5**. If you had a profit after making your adjustment, include it at item **24** on your tax return (supplementary section).

You also make a balancing adjustment if you:

- switched between the 'one-third of actual expenses' method and the 'logbook' method, or
- switched between the 'one-third of actual expenses' or 'logbook' method **and** the 'cents per kilometre' or '12% of original value' method.

To work out the amount of the balancing adjustment in these situations, contact us or your recognised tax adviser.

COMPLETING YOUR TAX RETURN

If you have more than one car and you are claiming expenses under different methods, add the amounts you work out under each method and write the total at item **D1** on your tax return. Print the code letter for the method that gave you the largest amount in the **CLAIM TYPE** box beside the amount.

Method 1: Cents per kilometre

- Your claim is based on a set rate for each business kilometre.
- You can claim a maximum of 5,000 business kilometres per car, per year.
- You do not need written evidence, but you need to be able to show how you worked out your business kilometres. More information on record keeping and written evidence is available at www.ato.gov.au

Step 1

Multiply the total business kilometres travelled (maximum of 5,000 km per car) by the number of cents allowed for your car's engine capacity (see below).

RATES PER BUSINESS KILOMETRE

Engine capacity		Cents per kilometre
Ordinary engine	Rotary engine	
1.6 litre (1,600cc) or less	0.8 litre (800cc) or less	63 cents
1.601–2.6 litre (1,601–2,600cc)	0.801–1.3 litre (801–1,300cc)	74 cents
2.601 litre (2,601cc) and over	1.301 litre (1,301cc) and over	75 cents

Step 2

Divide your answer by 100 to work out the dollar amount you can claim.

Step 3

If you are claiming for more than one car using this method, repeat the steps above and add up all the amounts.

Step 4

Write the total at **A** item **D1**. Print the code letter **S** in the **CLAIM TYPE** box beside the amount.

Example

Joanne had a 2-litre ordinary engine car which she used to travel 300 km in performing her job during 2010–11. She claims a deduction of \$222.

$$\frac{300 \text{ km} \times 74 \text{ cents}}{100} = \$222$$

Method 2: 12% of original value

- For you to use this method, your car must have travelled more than 5,000 business kilometres in the income year (or, if you used the car for only part of the year it would have travelled more than 5,000 business kilometres had you used it for the whole year, see step 1 below).
- Your claim is based on 12% of the original cost of your car, or 12% of its market value at the time you first leased it.
- The maximum deduction you can claim is 12% of the luxury car limit for the year you first used or leased the car; see page 119 for luxury car limits for the last 10 years.
- You do not need written evidence, but you need to keep a record of how you worked out your kilometres.

Step 1

If you owned or leased your car for the whole year, go to step 2.

If you owned or leased the car for part of the year, you will need to work out whether you can use this method. Firstly, work out the number of business kilometres travelled and multiply that number by 365. Then divide this amount by the number of days you had the car during the year. If your answer is more than 5,000 km you can use this method.

Step 2

Multiply the cost of the car or luxury car limit, whichever is less, by 0.12.

Step 3

Go to step 5 if you owned or leased the car for the whole year.

Step 4

If you had the car for part of the year, multiply the amount you worked out at step 2 by the number of days you had the car. Then divide by 365.

Step 5

Write the total at **A** item **D1**. Print the code letter **T** in the **CLAIM TYPE** box beside the amount.

Method 3: One-third of actual expenses

- Your car must have travelled more than 5,000 business kilometres in the income year (or, if you used the car for only part of the year it would have travelled more than 5,000 business kilometres had you used it for the whole year, see step 1 below).
- You claim one-third of all your car expenses, including private costs (but excluding capital costs, such as the purchase price, the principal on any money borrowed to buy your car and the cost of any improvements).
- For fuel and oil costs, you can keep receipts to work out the amounts or you can estimate them based on odometer records that show readings from the start and the end of the period you had the car during the year.
- You need written evidence for all the other expenses for the car as well as records that show the car's engine capacity, make, model and registration number.

You may need to show how you worked out your business kilometres and any estimates you made.

Step 1

If you owned or leased your car for the whole year, go to step 2.

If you owned or leased the car for part of the year, you will need to work out whether you can use this method. Firstly, work out the number of kilometres travelled and multiply that number by 365. Then divide this amount by the number of days you had the car during the year. If your answer is more than 5,000 km you can use this method.

Step 2

Add up your total expenses for fuel and oil, registration, insurance, loan interest, repairs and maintenance, the decline in value or lease payments and any other costs of running your car. See page 29 to work out the amount to show here for decline in value.

Step 3

Divide the total expenses by 3.

Step 4

Write the amount at **A** item **D1**. Print the code letter **O** in the **CLAIM TYPE** box beside the amount.

Method 4: Logbook

- Your claim is based on the business use percentage of the expenses for the car.
- Expenses include running costs and decline in value but not capital costs, such as the purchase price of your car, the principal on any money borrowed to buy it and any improvement costs. If you need to work out the decline in value of your car, see page 29.
- To work out your business use percentage, you need a logbook and the odometer readings for the logbook period (see below).
- You can claim fuel and oil costs based on either your actual receipts or you can estimate the expenses based on odometer records that show readings from the start and the end of the period you had the car during the year.
- You need written evidence for all other expenses for the car.

Your business use percentage is the percentage of kilometres you travelled in the car for work during the year divided by the total kilometres travelled by the car during the year.

If the pattern of your car use changed during the year, make a reasonable estimate of your business use percentage for the whole of 2010–11, 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.

Logbook period

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 2010–11. It must cover at least 12 continuous weeks. If you started using your car for work-related purposes less than 12 weeks before the end of the year, you can extend the 12-week period into 2011–12. (If you are using the logbook method for two or more cars, the logbook for each car must cover the same period.)

If you established your business use percentage using a logbook from an earlier year, you need to keep that logbook and maintain odometer records. You also need to keep a logbook if we told you in writing to keep one.

Your logbook must show:

- when the logbook period starts and ends, and the odometer readings at these times
- the total number of kilometres the car travelled during the logbook period

- the number of kilometres travelled for work during the logbook period based on the journeys recorded for the period
- the business use percentage for the period.

Entries in the logbook for each business trip must be made at the end of the journey (or as soon as possible afterwards) and show the:

- date the journey began and ended
- odometer readings at the start and end of the journey
- kilometres travelled on the journey
- reason for the journey.

Your records must also show the make, model, engine capacity and registration number of the car.

Step 1

Work out the total kilometres travelled during the logbook period and how many of these were business kilometres. Divide the business kilometres by the total kilometres travelled. This is your business use percentage.

Step 2

Add up your total expenses. (See page 29 to work out the amount to include for decline in value.)

Step 3

Multiply the amount at step 2 by your business use percentage from step 1 (or if the pattern of use of the car has changed then use the reasonable estimate you made).

Step 4

Write the amount at **A** item **D1**. Print the code letter **B** in the **CLAIM TYPE** box beside the amount.

MORE INFORMATION

For more information, see:

- *Taxation Ruling TR 95/34 – Income tax: employees carrying out itinerant work – deductions, allowances and reimbursements for transport expenses*
- *Deduction for transport between workplaces – the Payne amendments* at **www.ato.gov.au**
- *Guide to depreciating assets 2011* (NAT 1996) for decline in value of a car
- *Law Administration 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 information about what expenses you claim as car expenses (item **D1**) and what expenses you claim as travel expenses (item **D2**), and some examples of trips you can and cannot claim, see **Car and travel expenses** on page 28.

This question is about travel expenses you incur that are directly related to your work as an employee. They include:

- public transport, including air travel and taxi fares
- bridge and road tolls, parking fees and short-term car hire
- meal, accommodation and incidental expenses you incur while away overnight for work
- expenses for motorcycles and vehicles with a carrying capacity of one tonne or more, or nine or more passengers, such as utility trucks and panel vans
- actual expenses (such as any petrol, oil and repair costs) you incur to travel in a car that is owned or leased by someone else.

If your employer provided a car for you or your relatives' exclusive use and you or your relatives were entitled to use it for non-work purposes, you cannot claim a deduction for work-related expenses for its direct operation, such as petrol, oil and repairs. This is the case even if the expenses relate directly to your work. However, you can claim expenses such as parking and bridge and road tolls for work-related use of the car.

Reasonable allowance amounts

If your travel allowance was not shown on your payment summary and was equal to or less than the reasonable allowance amount for your circumstances, you do not have to include the allowance at item **2** provided that you have fully spent it on deductible work-related travel expenses and you do not claim a deduction for these expenses.

Did you have any work-related travel expenses?

NO ☐ Go to question **D3**.

YES ☐ Read below.

ANSWERING THIS QUESTION

You must have written evidence for the whole of your claim.

If you wish to claim meal, accommodation and incidental expenses you incurred while away overnight for work, use the table on page 119 to determine what evidence you need. For more information about written evidence, go to www.ato.gov.au and enter 'written evidence' in the 'Search for' box at the top of the page.

If you received assessable income from your work as an employee outside of Australia, including any assessable foreign employment income shown on your PAYG payment summary – foreign employment income, you can claim any work-related travel expenses you incurred in earning that income at this item.

COMPLETING YOUR TAX RETURN

Step 1

Add up all your deductible travel expenses.

Step 2

Write the total amount at **B** item **D2**.

TAX TIPS

Make sure you keep accurate records of travel to make future claims.

MORE INFORMATION

For information on:

- shifting places of employment, see *Taxation Ruling TR 95/34 – Income tax: employees carrying out itinerant work – deductions, allowances and reimbursements for transport expenses* on our website, or see the inside back cover to find out how to obtain a printed copy
- reasonable allowance amounts, see *Taxation Determination TD 2010/19 – Income tax: what are the reasonable travel and overtime meal allowance expense amounts for 2010–11 income year?*. Read this determination together with *Taxation Ruling TR 2004/6 – Income tax: substantiation exception for reasonable travel and overtime meal allowance expenses*.

D3 Deductions

Work-related clothing, laundry and dry-cleaning expenses

This question is about expenses you incurred as an employee for work-related:

- protective clothing
- uniforms
- occupation-specific clothing, and
- laundering and dry-cleaning of clothing listed above.

You can claim the cost of a work uniform that is distinctive (such as one that has your employer's logo permanently attached to it) and it must be either:

- a **non-compulsory uniform** that your employer has registered with AusIndustry (check with your employer if you are not sure), or
- a **compulsory uniform** that can be a set of clothing or a single item that identifies you as an employee of an organisation. There must be a strictly enforced policy making it compulsory to wear that clothing at work. Items may include shoes, stockings, socks and jumpers where they are an essential part of a distinctive compulsory uniform and the colour, style and type are specified in your employer's policy.

You can also claim the cost of:

- **occupation-specific clothing** which allows people to easily recognise that occupation (such as the checked pants a chef wears when working) and which are not for everyday use
- **protective clothing and footwear** to protect you from the risk of illness or injury, or to prevent damage to your ordinary clothes, caused by your work or work environment. Items may include fire-resistant clothing, sun protection clothing, safety-coloured vests, non-slip nurse's shoes, steel-capped boots, gloves, overalls, aprons, and heavy duty shirts and trousers (but not jeans). You can claim the cost of protective equipment, such as hard hats and safety glasses at item **D5**.

You can claim the cost of renting, repairing and cleaning any of the above work-related clothing.

You cannot claim the cost of purchasing or cleaning plain uniforms or clothes, such as black trousers, white shirts, suits and stockings, even if your employer requires you to wear them.

Did you have any work-related clothing, laundry or dry-cleaning expenses?

NO ☐ Go to question **D4**.

YES ☐ Read below.

ANSWERING THIS QUESTION

You will need:

- receipts, invoices or other written evidence, and
- any diary records of your laundry costs if you need written evidence. For more information about written evidence go to www.ato.gov.au and enter 'written evidence' in the 'Search for' box at the top of the page.

You must have written evidence for your laundry and dry-cleaning expenses if:

- in the case of laundry expenses, the amount of your claim is greater than \$150, and
- your total claim for work-related expenses exceeds \$300. The \$300 does not include car and meal

allowance, award transport payments allowance and travel allowance expenses.

If you did washing, drying or ironing yourself, you can use a reasonable basis to calculate the amount, such as \$1 per load for work-related clothing, or 50 cents per load if other laundry items were included.

If you received assessable income from your work as an employee outside of Australia, including any assessable foreign employment income shown on your *PAYG payment summary – foreign employment*, you can claim any deductible work-related clothing, laundry or dry-cleaning expenses you incurred in earning that income at this item.

COMPLETING YOUR TAX RETURN**Step 1**

Add up all your deductible work-related clothing, laundry and dry-cleaning expenses.

You can also use the work-related uniform expenses calculator at **www.ato.gov.au/calculators** to add up your claim and then go to step 2.

Step 2

Write the total at **C** item **D3**.

Step 3

Select the code letter that describes the main type of clothing you are claiming for:

N non-compulsory work uniform

C compulsory work uniform

S occupation-specific clothing

P protective clothing

Print the letter in the **CLAIM TYPE** box at the right of **C** item **D3**.

MORE INFORMATION

For more information on work-related clothing, laundry and dry-cleaning expenses, see:

- *Taxation Ruling TR 98/5 – Income tax: calculating and claiming a deduction for laundry expenses*
- *Taxation Ruling TR 97/12 – Income tax and fringe benefits tax: work-related expenses: deductibility of expenses on clothing, uniform and footwear*
- *Taxation Ruling TR 2003/16 – Income tax: deductibility of protective items*
- *Taxation Ruling TR 94/22 – Income tax: implications of the Edwards case for the deductibility of expenditure on conventional clothing by employees*
- *Taxation Determination TD 1999/62 – Income tax: what are the criteria to be considered in deciding whether clothing items constitute a compulsory corporate uniform/wardrobe for the purposes of paragraph 30 of Taxation Ruling TR 97/12?*

D4 Deductions

Self-education expenses

This question is about self-education expenses that are related to:

- your work as an employee, or
- your receipt of Austudy, ABSTUDY or Youth allowance to study.

Self-education expenses are expenses that you incur when you do a course to get a formal qualification from a school, college, university or other place of education.

To claim a deduction for **work related** self-education expenses, you must have met one of the following conditions when you incurred the expense:

- the course maintained or improved a skill or specific knowledge required for your then current work activities
- you could show that the course was leading to, or was likely to lead to, increased income from your then current work activities, or
- other circumstances existed which established a direct connection between the course and your then current work activities.

You cannot claim a deduction for **work-related** self-education for a course that:

- relates only in a general way to your current employment or profession, or
- will enable you to get new employment.

Example

Louis is a computer science student. He does not receive **Austudy**, **ABSTUDY** or **Youth allowance**. His studies are focused on system analysis, software design and programming. Louis also works at the university laboratory installing computers. His course and job are only very generally related. The work only requires a low level of computer knowledge which Louis already had before starting his employment.

The high-level professional skills Louis acquires from the course are well beyond the skills required for his current employment. Consequently Louis cannot claim a deduction for his course because it:

- does not maintain or improve his specific knowledge or skills in his current job
- relates in only a general way to his current employment, and
- will enable him to get new employment.

You can also claim a deduction for self-education expenses if, in doing the course, you are satisfying study requirements to receive **Austudy**, **ABSTUDY** or **Youth allowance** to study.

If, when you incurred your expenses you satisfied the conditions necessary to claim a deduction, you can claim the following:

- your tuition fees payable under FEE-HELP (FEE-HELP provides assistance to eligible fee-paying students, who are not supported by the Commonwealth, to pay tuition fees)
- your tuition fees payable under VET FEE-HELP [VET FEE-HELP provides assistance to eligible full-fee paying students doing vocational education and training (VET) accredited courses with an approved VET provider]
- self-education expenses you paid with your OS-HELP loan (OS-HELP is a loan to cover expenses for eligible Commonwealth supported students who wish to study overseas towards their Australian higher education award)
- the cost of your meals during temporary overnight absences from home to participate in self-education
- your other expenses such as textbooks, stationery, student union and course fees, and the decline in value of your computer (apportioned depending on private use and use for self-education)
- for **work related** self-education, expenses for your travel in either direction between:
 - your home and your place of education
 - your workplace and place of education.

Only the first leg of the trip is deductible if you went from home to your place of education and then to work, or the other way around.

If you receive **Austudy**, **ABSTUDY** or **Youth allowance** to study full-time, you cannot claim a deduction for travel between your home and your normal place of education.

You cannot claim contributions you, or the Australian Government, make under HECS-HELP or repayments you make under the Higher Education Loan Program (HELP) or the Student Financial Supplement Scheme (SFSS).

Do not include at this item deductions for the cost of:

- formal education courses provided by professional associations
- seminars, education workshops or conferences connected to work.

Include them at item **D5 Other work-related expenses**.

Did you have any of these expenses?

NO ☐ Go to question **D5**.

YES ☐ Read on.

ANSWERING THIS QUESTION

To complete this item you will need written evidence. For more information on what is written evidence go to **www.ato.gov.au** and enter 'Keeping your tax records' in the 'Search for' box at the top of the page.

You can use the self-education expenses calculator at **www.ato.gov.au/calculators** to work out your claim, then go to step 4 under **Completing your tax return** on page 38. Otherwise, follow the instructions on the next page.

To work out the deduction you can claim at this item for car and travel expenses, see question **D1 Work-related car expenses** on pages 29–32 and question **D2 Work-related travel expenses** on page 33.

If you received assessable income from your work as an employee outside of Australia, including any assessable foreign employment income shown on your *PAYG payment summary–foreign employment*, you can claim any work-related self-education expenses you incurred in earning that income at this item.

COMPLETING YOUR TAX RETURN

To complete this item, you must add up your self-education expenses under the following categories because, in working out what you can claim, certain costs are reduced by \$250.

WORKSHEET

Category	Your amount
A General expenses that are deductible, including textbooks, stationery, student union fees, course fees and public transport fares. Also include car expenses (other than the decline in value of a car) worked out under the 'logbook' or 'one-third of actual expenses' method. For more information, see question D1 Work-related car expenses on pages 29–32.	\$ <input type="text"/>
B Deductions for the decline in value of depreciating assets used for self-education, including computers and cars for which you are claiming deductions under the 'logbook' or 'one-third of actual expenses' method.	\$ <input type="text"/>
C Expenses for repairs to items of equipment used for self-education.	\$ <input type="text"/>
D Car expenses related to your self-education for which you are claiming deductions under the 'cents per kilometre' or '12% of original value' method. (If you have included deductions for the decline in value of or repairs to your car under category B or C, you cannot claim car expenses under this category.)	\$ <input type="text"/>
E Self-education expenses that are not deductible, which are: <ul style="list-style-type: none"> ■ private costs, including non-deductible travel and childcare costs, and ■ capital costs, like the purchase price of a desk or computer. Do not include contributions you made under HECS-HELP or repayments under HELP or SFSS.	\$ <input type="text"/>

D4 Self-education expenses

Use the amounts you have written in the worksheet on the previous page to complete the steps that follow.

Step 1

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

Add B, C and D. \$ (f)

Transfer the amount at (f) to **D** item **D4**. Go to step 4.

Step 2

Add C, D and E. \$ (g)

If the amount at (g) is less than \$250, go to step 3. Otherwise, read on.

Add A, B, C and D. \$ (h)

Transfer the amount at (h) to **D** item **D4**. Go to step 4.

Step 3

Take the amount at (g) away from \$250. \$ (i)

Take the amount at (i) away from your category A amount. If the result is zero or less, write **0** at (j). \$ (j)

Add B, C and D. \$ (k)

Add (k) and (j). \$ (l)

Transfer the amount at (l) to **D** item **D4**.

Step 4

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

- K** At the time you incurred the expense the study maintained or improved a skill or specific knowledge required for those work activities.
- I** At the time you incurred the expense you could show that the study was leading to, or was likely to lead to, increased income from those work activities.
- O** At the time you incurred the expense, other circumstances existed which established a direct connection between your self-education and your work activities as an employee.
- X** You incurred the expense in doing a course of study for which you received Austudy, ABSTUDY or Youth allowance to study.

Step 5

Print your code letter (**K**, **I**, **O** or **X**) from step 4 in the **CLAIM TYPE** box at the right of **D** item **D4**.

MORE INFORMATION

For more information, see:

- *Guide to depreciating assets 2011* (NAT 1996) about deductions for decline in value, balancing adjustments and immediate deductions for certain depreciating assets
- *Taxation Ruling TR 98/9 – Income tax: deductibility of self-education expenses.*

TAX TIPS

To make working out your deductions easier next year, start keeping your records now. For more information about record keeping go to **www.ato.gov.au** and enter 'Keeping your tax records' in the 'Search for' box at the top of the page.

This question is about any other work-related expenses you incurred as an employee and have not already claimed, including:

- union fees and subscriptions to trade, business or professional associations
- overtime meal expenses, provided that
 - the amount for overtime meals has not been included as part of your normal salary or wages, for example, under a workplace agreement
 - you received a genuine overtime meal allowance from your employer that was paid under an industrial law, award or agreement (see **More information** on the next page)
 - you have included the amount of the meal allowance as income at item 2, and
 - if your claim was more than \$25.80 per meal, you have written evidence, such as receipts or diary entries, that shows the cost of the meals
- professional seminars, courses, conferences and workshops
- reference books, technical journals and trade magazines
- tools and equipment and professional libraries; you may be able to claim an immediate deduction for an item that cost \$300 or less, otherwise, you claim a deduction for the decline in value of an item over its effective life; see *Guide to depreciating assets 2011* (NAT 1996) for more information
- items that protect you from the risk of injury or illness posed by your work or your work environment, such as hard hats, safety glasses and sunscreens (but not protective clothing and footwear, which you claim at item D3)
- the work-related proportion of the following costs
 - interest on money borrowed to buy a computer
 - repair costs for the computer
 - the decline in value of the computer (you may need to make a balancing adjustment if you no longer own or use the computer and you previously claimed a deduction for its decline in value; see *Guide to depreciating assets 2011* for more information)

- internet access charges
- phone calls
- phone rental if you can show you were on call or were regularly required to phone your employer or clients while away from your workplace
- the decline in value of your home office furniture and fittings
- home office heating, cooling, lighting and cleaning costs.

For your home office expenses, you can:

- keep a diary of the details of your actual costs and your work-related use of the office, or
- use a fixed rate of 34 cents per hour for heating, cooling, lighting and the decline in value of furniture in your home office.

You can use the home office expenses calculator at ato.gov.au/calculators to work out your claim. Generally, you cannot claim a deduction for occupancy expenses such as rent, rates, mortgage interest and insurance.

You cannot claim any deduction for the decline in value of laptops, portable printers, personal digital assistants, calculators, mobile phones, computer software, protective clothing, briefcases and tools of trade primarily for use in your employment if the item was provided to you by your employer, or some or all of the cost of the item was paid or reimbursed by your employer, and the benefit was exempt from fringe benefits tax.

Did you have any other work-related expenses?

NO ☐ Go to question D6.

YES ☐ Read below.

ANSWERING THIS QUESTION

You will need some of the following:

- your *PAYG payment summary – individual non-business*
- statements from your bank, building society or credit union

- receipts, invoices or written evidence from your supplier or association
- other written evidence.

If your total claim for all work-related expenses exceeds \$300, you must have written evidence. More information on what is written evidence is available at www.ato.gov.au

D5 Other work-related expenses

If you received assessable income from your work as an employee outside Australia, including any assessable foreign employment income shown on your *PAYG payment summary – foreign employment*, you can claim any work-related expenses you incurred in earning that income at this item provided you have not already claimed the expense at another item.

COMPLETING YOUR TAX RETURN

Step 1

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

To work out the amount you can claim for depreciating assets, see *Guide to depreciating assets 2011*.

Step 2

Write the total amount at **E** item **D5**.

MORE INFORMATION

For more information, see:

- *Guide to depreciating assets 2011* (NAT 1996) for information on decline in value and balancing adjustments
- *Taxation Ruling TR 93/30 – Income tax: deductions for home office expenses*
- *Taxation Ruling TR 2004/6 – Income tax: substantiation exception for reasonable travel and overtime meal allowance expenses*
- *Law Administration Practice Statement PS LA 2001/6 – Home office expenses: diaries of use and calculation of home office expenses*
- *Law Administration Practice Statement PS LA 2005/7 – Substantiation of deductions claimed by individual taxpayers for work and car expenses incurred in the course of earning non-business and non-investment income.*

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

This question is about claiming a deduction for the decline in value of **low-cost** and **low-value** assets you used in the course of producing income you show on your tax return, by allocating them to what is called a **low-value pool**. (Claims for deduction for the decline in value of assets are dealt with at other questions.)

Low-cost assets are depreciating assets that cost less than \$1,000.

Low-value assets are depreciating assets that are not low-cost assets but which, on 1 July 2010, had been written off to less than \$1,000 under the diminishing value method.

You can have only one low-value pool. Once you choose to allocate a low-cost asset to a low-value pool, you must allocate to the pool all other low-cost assets you hold in that year and in future years.

Assets you can allocate to a low-value pool include assets you use:

- in your work as an employee (see questions **D1** to **D5**), or
- to gain rental income (see question **21** in *TaxPack 2011 supplement*).

However, if you claim the deduction at this item, do not claim it at items **D1** to **D5** and **21**.

The following cannot be included in a low-value pool:

- assets you have previously claimed deductions for using the prime cost method
- assets that cost \$300 or less for which you can claim an immediate deduction
- assets for which you deduct amounts under the simplified depreciation rules for small business entities; for more information, see *Business and professional items 2011* (NAT 2543)
- horticultural plants
- a portable electronic device (such as a mobile phone, personal digital assistant or laptop computer), computer software, protective clothing, a briefcase or a tool of trade, which is primarily for use in your employment, if your employer provided it, paid for it or reimbursed you for any of its cost, and the benefit was exempt from fringe benefits tax.

If your low-value pool contains only assets used in business, do not include your deduction here, but include it instead at item **P8** on the *Business and professional items schedule for individuals 2011* (NAT 2816).

Did you allocate assets to a low-value pool in 2010–11 or in a previous year?

NO ☐ Go to question **D7**.

YES ☐ Read below.

ANSWERING THIS QUESTION

When you allocate an asset to a low-value pool, you must make a reasonable estimate of the percentage you will use the asset to produce your assessable income over its effective life (for a low-cost asset) or remaining effective life (for a low-value asset). This estimate is called your **taxable use percentage** for the asset.

You work out your low-value pool deduction using a diminishing value rate. A rate of 37.5% is generally applied to the pool balance. However, a rate of 18.75%, or half the normal pool rate, is applied to the **taxable use percentage** of:

- the cost of each low-cost asset you allocate to the pool this income year

- any additional capital costs (such as improvements) you incur this income year for assets you allocated to the pool in an earlier income year and for low-value assets you allocate to the pool this income year.

Read **example 1**, then use **worksheet 1** to work out your deduction.

Example 1

Edward bought a printer for \$600 in 2010–11. His employer did not pay or reimburse any of the cost of the printer. He decided to allocate it to a low-value pool. He estimated that over its effective life the printer would be used 40% of the time to produce his assessable income as an employee.

\$600 × 40% is \$240. Therefore, Edward will write **\$240** at (e) in **worksheet 1**.

This is the first year of Edward's low-value pool.

D6 Low-value pool deduction

Edward previously claimed deductions under the diminishing value method for a laptop computer he had purchased for \$1,500. His employer did not pay or reimburse any of the cost of the computer. The laptop's opening adjustable value on 1 July 2010 was \$900.

Edward estimates that he will use it solely to produce his assessable income for its remaining effective life. Edward allocates the laptop to the pool in 2010–11 as it is now a low-value asset.

WORKSHEET 1**Low-value pool deduction**

	Edward	You
The closing balance of the pool for 2009–10. If you did not have a low-value pool in 2009–10, write 0 at (a).	\$0	\$ <input type="text"/> (a)
For each low-value asset allocated to the pool in 2010–11, multiply its opening adjustable value (on 1 July 2010) by your taxable use percentage for the asset. Add up the amounts and write the total at (b).	\$900	\$ <input type="text"/> (b)
Add (a) and (b).	\$900	\$ <input type="text"/> (c)
Multiply (c) by 0.375.	\$337	\$ <input type="text"/> (d)
For each low-cost asset allocated to the pool in 2010–11, multiply its cost (including additional capital costs incurred in 2010–11, such as improvements) by your taxable use percentage for the asset. Add up the amounts and write the total at (e).	\$240	\$ <input type="text"/> (e)
For each <ul style="list-style-type: none"> ■ asset allocated to the pool in a prior income year, and ■ low-value asset allocated to the pool in 2010–11 for which you incurred additional capital costs (such as improvements) in 2010–11, multiply the costs by your taxable use percentage for the asset. Add up the amounts and write the total at (f).	\$0	\$ <input type="text"/> (f)
Add (e) and (f).	\$240	\$ <input type="text"/> (g)
Multiply (g) by 0.1875.	\$45	\$ <input type="text"/> (h)
Add (d) and (h).	\$382	\$ <input type="text"/> (i)

The amount at (i) is the total low-value pool deduction. Edward will show **\$382** at **K** item **D6** on his tax return.

COMPLETING YOUR TAX RETURN**Step 1**

Using **worksheet 1**, work out your total low-value pool deduction. Transfer the amount you worked out at (i) to **K** item **D6**.

Step 2

You will need the closing pool balance for 2010–11 to calculate your low-value pool deduction for next year. Use **worksheet 2** to work out the closing balance.

Some common events, such as the sale or disposal of an asset in the low-value pool, or the asset's loss or destruction result in a 'balancing adjustment event'. If there has been a balancing adjustment event for an asset in the pool, you must reduce the closing pool balance. To do this, you multiply the asset's termination value (generally any proceeds, including any insurance payout, from the event) by your taxable use percentage

for the asset. Your closing pool balance is reduced by the amount that results from this multiplication. There is space for you to include this amount in **worksheet 2**. If this amount is more than the closing pool balance, you reduce the closing pool balance to nil and include the excess amount in **Other income** at item **24** on your tax return (supplementary section).

Keep a record of your 2010–11 closing pool balance for next year's tax return.

MORE INFORMATION

For more information, see *Guide to depreciating assets 2011* (NAT 1996). To see this publication, go to **www.ato.gov.au** and enter 'Guide to depreciating assets' in the 'Search for' box at the top of the page. See the inside back cover to find out how to obtain a printed copy.

WORKSHEET 2**Closing balance for 2010–11**

	Edward	You
Transfer amount from (a) in worksheet 1 .	\$0	\$ <input type="text"/> (j)
Transfer amount from (b) in worksheet 1 .	\$900	\$ <input type="text"/> (k)
Transfer amount from (e) in worksheet 1 .	\$240	\$ <input type="text"/> (l)
Transfer amount from (f) in worksheet 1 .	\$0	\$ <input type="text"/> (m)
Add (j), (k), (l) and (m).	\$1140	\$ <input type="text"/> (n)
Transfer amount from (i) in worksheet 1 .	\$382	\$ <input type="text"/> (o)
Take (o) away from (n).	\$758	\$ <input type="text"/> (p)
For each pool asset subject to a balancing adjustment event in 2010–11, multiply its termination value by your taxable use percentage for the asset (see step 2 above). Add up the amounts and write the total at (q).	\$0	\$ <input type="text"/> (q)
Take (q) away from (p). This is your closing pool balance for 2010–11.	\$758	\$ <input type="text"/> (r)

D7 Deductions

Interest deductions

This question is about expenses you incurred in earning any interest you declared at item **10**.

Your expenses may include:

- bank or other financial institution account-keeping fees for accounts held for investment purposes
- management fees and fees for investment advice relating to changes in the mix of your investments.

Show any expenses incurred in earning trust and partnership distributions at **X** and **Y** item **13** on your tax return (supplementary section).

Do not show expenses incurred in earning foreign source interest at this item. They are taken into account at item **20** or **D15** on your tax return (supplementary section).

Did you have any interest deductions?

NO ☐ Go to question **D8**.

YES ☐ Read below.

ANSWERING THIS QUESTION

You will need:

- your bank or financial institution statements or passbooks.

You cannot claim account-keeping fees on a first home saver account.

If you had any joint accounts or other interest-earning investments, show only your share of the joint expenses. This will be half if you held the account or investment equally with one other person. Keep a record of how you worked out your proportion if you and the other investors or account holders did not share the expenses equally.

If you borrowed money to purchase assets for your private use and income-producing investments, you can claim only the portion of the interest expenses relating to the income-producing investments.

You can also claim a proportion of the decline in value of your computer based on the percentage of your total computer use that related to managing your investments. If you used your computer to manage your investment in both interest-earning investments and investments in shares or similar securities then you can claim only the proportion of the decline in value related to managing those investments once. You claim the amount at either item **D7** or **D8**.

You cannot claim expenses you were charged for drawing up an investment plan unless you were carrying on an investment business, in which case you would claim any expenses at item **P8** on the *Business and professional items schedule for individuals 2011* (NAT 2816).

If you incurred particular types of expenses, such as interest on borrowed money, relating to certain overseas investments (or investments in Australia if you were a foreign resident) your claims may be affected by thin capitalisation rules. These rules may apply if the total of your debt deductions and those of your associates is more than \$250,000 for 2010–11. For more information, go to www.ato.gov.au and enter 'Thin capitalisation' in the 'Search for' box at the top of the page.

COMPLETING YOUR TAX RETURN

Step 1

Add up all your deductions for this item.

Step 2

Write the total amount at **I** item **D7**.

MORE INFORMATION

For more information, see:

- *Guide to depreciating assets 2011* (NAT 1996) if you are claiming a deduction for the decline in value of your computer.

This question is about expenses you incurred in earning any dividend and similar investment income you declared at item **11**.

You must also complete this item if you had a listed investment company (LIC) capital gain amount in your dividends.

Your expenses may include:

- management fees, and fees for investment advice relating to changes in the mix of your investments
- interest charged on money borrowed to purchase shares or similar investments
- costs relating to managing your investments, such as travel and buying specialist investment journals or subscriptions.

Show any expenses incurred in earning trust and partnership distributions at **X** and **Y** item **13** on your tax return (supplementary section).

Do not show expenses incurred in earning foreign source dividends at this item. They are taken into account at item **20** or **D15** on your tax return (supplementary section).

Did you have any dividend deductions?

NO ☐ Go to question **D9**.

YES ☐ Read below.

ANSWERING THIS QUESTION

You will need your dividend statements showing any LIC capital gain amount. (Show dividends received from a LIC at item **11**.)

If you had any joint share investments or similar investments, show only your share of joint expenses. This will be half if you held the investment equally with one other person. Keep a record of how you worked out your proportion if you and the other investors did not share the expenses equally.

If you borrowed money to purchase assets for your private use and income-producing investments, you can claim only the portion of the interest expenses relating to the income-producing investments.

Interest on investments under a capital protected borrowing may not be fully deductible. For more information go to www.ato.gov.au and enter 'About capital protected products and borrowings' in the 'Search for' box.

You can also claim a proportion of the decline in value of your computer based on the percentage of your total computer use that related to managing your investments. If you used your computer to manage your investment in both interest-earning investments and investments in shares or similar securities then you can claim only the proportion of the decline in value related to managing those investments once. You can claim the amount at item **D7** or **D8**.

You cannot claim expenses you were charged for drawing up an investment plan unless you were carrying on an investment business, in which

case you would claim any expenses at item **P8** on the *Business and professional items schedule for individuals 2011* (NAT 2816).

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

If you incurred particular types of expenses, such as interest on borrowed money, relating to certain overseas investments (or investments in Australia if you were a foreign resident) your claims may be affected by the thin capitalisation rules. These rules may apply if the total of your debt deductions and those of your associates is more than \$250,000 for 2010–11. For more information go to www.ato.gov.au and enter 'Thin capitalisation' in the 'Search for' box at the top of the page.

COMPLETING YOUR TAX RETURN

Step 1

Add up all your deductions for this item.

Step 2

Write the total amount at **H** item **D8**.

MORE INFORMATION

For more information, see:

- *You and your shares 2011* (NAT 2632)
- *Guide to depreciating assets 2011* (NAT 1996) if you are claiming a deduction for the decline in value of your computer.

D9 Deductions

Gifts or donations

This question is about gifts or donations you made. You can claim a deduction for:

- voluntary gifts of \$2 or more made to an approved organisation
- a net contribution of more than \$150 to an approved organisation for a fund-raising event (see page 120 for further conditions)
- contributions of \$2 or more to
 - a registered political party
 - an independent candidate in an election for parliament
 - an individual who was an independent member of parliament or in limited circumstances was an independent member.

Approved organisations include:


- certain funds, organisations or charities which provide help in Australia
- some overseas aid funds
- school building funds
- some environmental or cultural organisations.

You can also claim a deduction for:

- a donation to an approved organisation of shares listed on an approved stock exchange valued at \$5,000 or less

- making an approved cultural bequest
- a donation to a private ancillary fund
- entering into a conservation covenant.

Your receipt will usually indicate whether or not you can claim a deduction for the gift. If you are not sure, you can check with the organisation. If you are still not sure, go to **www.abn.business.gov.au** or phone us to find out if the organisation is an approved organisation.

 Employees who make donations under salary sacrifice arrangements are **not** entitled to claim an income tax deduction for the donation on their own tax return.

You cannot claim a deduction for a gift or donation if you received something in return (for example, raffle tickets or dinner) except in certain fund-raising events; see page 120.

Did you make a gift or donation?

NO ☐ Go to question **D10**.

YES ☐ Read below.

NATURAL DISASTER DONATIONS

If you made one or more donations of \$2 or more to bucket collections conducted by an approved organisation for natural disaster victims, you can claim a tax deduction of up to \$10 for the total of those contributions without a receipt. For more information see **What's new this year** on page 3.

ANSWERING THIS QUESTION

If you made donations during the year to an approved organisation through your employer's payroll system (known as 'workplace-giving'), you still need to record the total amount of your donations at this item. Your payment summary or other written statement from your employer showing the donated amount is sufficient evidence to support your claim. You do not need to have a receipt.

If you made donations in a joint name, include only your share.

See page 120 for more information about the rules for deductions for:

- gifts of property, such as land and artworks
- contributions to fund-raising events
- gifts of shares valued at \$5,000 or less
- contributions and gifts to registered political parties and independent candidates and members.

For more information about the rules and what records to keep, go to **www.ato.gov.au** and enter 'Making tax deductible donations' in the 'Search for' box at the top of the page:

- for cultural, environmental and heritage property gifts
- for cultural bequests
- when entering into conservation covenants
- if you choose to spread over five years your deduction for certain types of gifts.

COMPLETING YOUR TAX RETURN

Step 1

Add up the amounts of all gifts and donations you are entitled to claim.

Step 2

Write the total at **J** item **D9**.

MORE INFORMATION

For more information, see:

- *Taxation Ruling TR 2005/13 – Income tax: tax deductible gifts – what is a gift*
- *Law Administration Practice Statement PS LA 2002/15 – Evidence for making of a gift by a taxpayer who participates in a workplace-giving program.*

Cost of managing tax affairs

Deductions **D10**

This question is about:

- expenses you incurred* in managing your tax affairs, including fees paid to a recognised tax adviser for doing your tax return
- an interest charge we imposed on you
- amounts we charged to you for underestimating a varied goods and services tax (GST) instalment or pay as you go (PAYG) instalment
- expenses for complying with your legal obligations relating to another person's tax affairs.

* You incur an expense in the income year when:

- you receive a bill or invoice for an expense that you are liable for and must pay (even if you don't pay it until after the end of the year)
- you do not receive a bill or invoice but you are charged and you pay for the expense.

Did you incur any expenses relating to managing your tax affairs?

NO ☐ Go to **Deductions that you show on the supplementary section of the tax return.**

YES ☐ Read below.

ANSWERING THIS QUESTION

The cost of managing your tax affairs can include:

- the preparation and lodgment of your tax return and activity statements
- travel to obtain tax advice from a recognised tax adviser
- appeals made to the Administrative Appeals Tribunal or courts in relation to your tax affairs
- obtaining a valuation needed for a deductible donation of property or for a deduction for entering into a conservation covenant; see **Gifts of property** on page 120 for more information.

Expenses relating to the preparation and lodgment of your tax return and activity statements include costs associated with:

- buying tax reference material
- lodging your tax return through a registered tax agent
- obtaining tax advice from a recognised tax adviser
- dealing with us about your tax affairs.

Fees paid to a recognised tax adviser are deductible in the year you incur them. A recognised tax adviser is a registered tax agent, barrister or solicitor. A list of registered tax agents can be found at **www.tpb.gov.au** or you can check with the Tax Practitioners Board on **1300 362 829**.

You cannot claim for the cost of tax advice given by a person who is not a recognised tax adviser.

You can claim a deduction for an interest charge that we imposed on:

- the late payment of taxes and penalties
- the amount of any increase in your tax liability as a result of an amendment to your assessment
- the amount of any increase in other tax liabilities, such as GST or PAYG amounts.

The expense is deductible in the year you incur the interest charge.

However, you cannot claim tax shortfall and other penalties for failing to meet your obligations.

You can claim amounts that we imposed on you for underestimating a varied GST or PAYG instalment.

You can claim any costs you incurred in complying with your legal obligations relating to another person's tax affairs. This includes:

- complying with the PAYG withholding obligations, for example, where you withheld tax from a payment to a supplier because the supplier did not quote an Australian business number
- providing information that we requested about another taxpayer.

COMPLETING YOUR TAX RETURN

Step 1

Add up the costs of managing your tax affairs.

Step 2

Write the total at **M** item **D10**.

D Deductions

You need to use *TaxPack 2011 supplement* if you had any of the following types of deductions:

- the deductible amount of the undeducted purchase price of a foreign pension or annuity
- personal superannuation contributions
- certain capital expenditure directly connected with a project
- forestry managed investment scheme deductions
- election expenses for local, territory, state or federal candidates
- certain deductible capital expenditure you had not claimed in full before ceasing a primary production business
- non-capital losses incurred on the disposal or redemption of a traditional security
- insurance premiums paid for income protection, sickness and accident cover
- deductible foreign exchange losses
- interest you incurred on money borrowed to invest under the land transport facilities tax offset scheme or infrastructure borrowings scheme
- debt deductions you have not claimed elsewhere that you incurred in earning assessable income or in earning certain foreign non-assessable non-exempt income

Deductions that you show on the supplementary section of the tax return

- 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* (sometimes known as the black hole expenditure rule)
- small business pool deductions for depreciating assets that you allocated to a pool under the former simplified tax system (STS) provisions, and you no longer carry on any business
- a deduction for the net personal services income loss of a personal services entity that related to your personal services income
- United Medical Protection Limited (UMP) support payments
- expenses you incurred in actively seeking paid work if you received Newstart allowance or were a Youth allowance job seeker.

Did you have any of the above deductions?

NO ☐ Go to **Total deductions**.

YES ☐ Read below.

ANSWERING THIS QUESTION

You can find the *Tax return for individuals (supplementary section) 2011* at the back of *TaxPack 2011 supplement*. If you don't have a copy of this supplement, you can get one from most newsagents during the lodgment period (1 July to 31 October 2011). Copies are also available all year from our Publications Distribution Service (see the inside back cover) and shopfronts.

COMPLETING YOUR TAX RETURN

Step 1

Complete the details at the top of page 13 on your *Tax return for individuals (supplementary section) 2011*. Use *TaxPack 2011 supplement* to complete the **DEDUCTIONS** section on page 15 of your tax return (supplementary section).

Step 2

Transfer the amount you wrote at **TOTAL SUPPLEMENT DEDUCTIONS** on page 15 of your tax return (supplementary section) to **D** on page 3 of your tax return.

Total deductions

Deductions

COMPLETING YOUR TAX RETURN

Go to **TOTAL DEDUCTIONS** on page 4 of your tax return.

Step 1

Check that you have shown all your deductions.

Step 2

Add up the deductions you claimed at items **D1** to **D10** and **D** on page 4 of your tax return. If you did not use the *Tax return for individuals (supplementary section) 2011* you will not have an amount at **D**.

Step 3

Write the answer at **TOTAL DEDUCTIONS** on your tax return.

Subtotal

COMPLETING YOUR TAX RETURN

If you show **income** at **TOTAL INCOME OR LOSS** on page 3 of your tax return:

- take away the amount at **TOTAL DEDUCTIONS** from the amount at **TOTAL INCOME OR LOSS**; write the result at **SUBTOTAL**
- if the amount at **SUBTOTAL** is less than zero, print **L** in the **LOSS** box at the right of the amount.

If you show a **loss** at **TOTAL INCOME OR LOSS** on page 3 of your tax return:

- add the amount at **TOTAL DEDUCTIONS** to the amount at **TOTAL INCOME OR LOSS**
- write the result at **SUBTOTAL**, and print **L** in the **LOSS** box at the right of the amount.

L1 Losses

Tax losses of earlier income years

This question is about tax losses from earlier income years for which you may be able to claim a deduction in 2010–11.

Did you have any of these losses?

NO ☐ Go to **TAXABLE INCOME OR LOSS**.

YES ☐ Read on.

Do not show at this item capital losses, expenses and losses in relation to earning foreign source income, and deferred non-commercial business losses from a prior year.

Refer to *TaxPack 2011 supplement* if you have any of the following:

- capital losses – see question **18**
- expenses and losses in relation to earning foreign source income – see question **20**
- deferred non-commercial business losses from a prior year
 - for partnership activities – see question **13**
 - for sole trader activities – see question **P8** in *Business and professional items 2011* (NAT 2543).

ANSWERING THIS QUESTION

Complete this item if either of the following apply:

- you have a tax loss from an earlier income year which you have not claimed as a deduction
- you had foreign losses in the 1998–99 to 2007–08 income years which you have not claimed as a deduction.

In either case, you may have a tax loss at item **L1** this year which you may be able to claim as a deduction. You have to complete this item whether or not you are able to claim a deduction for the loss this year.

You will need to go to www.ato.gov.au or to *e-tax* to work out the amount of your tax losses to complete item **L1** if any of the following apply:

- you had foreign losses in the 1998–99 to 2007–08 income years which you have not claimed as a deduction in a previous income year
- you showed a loss at **TAXABLE INCOME OR LOSS** on your 2010 tax return and you are a foreign resident and have exempt income from Australian sources or exempt film income.

If you became bankrupt before 1 July 2010, or were released from debts under an arrangement entered into under the bankruptcy laws before 1 July 2010, you generally cannot claim a deduction for tax losses incurred before you became bankrupt or were released from the debts.

If you have tax losses from more than one earlier income year you should generally deduct the earliest losses first.

To complete this item on your tax return you will need records of your tax losses from earlier income years.

COMPLETING YOUR TAX RETURN

The amount of tax losses from earlier years that you write at **Q** and **R** item **L1** is the amount of tax losses you carried forward from 2009–10 less the amount of your net exempt income for 2010–11.

You need to separate your losses into primary production losses and non-primary production losses. Primary production activities are described in *Information for primary producers 2011* (NAT 1712) which is available at www.ato.gov.au

Part A – Losses carried forward from earlier income years

Use **worksheet 1** to work out what to write at **Q** and **R** item **L1**.

Step 1

Write at (a) in **worksheet 1** the total amount of tax losses you have available from earlier years. Do not include non-primary production losses from 1988–89 or earlier years.

Separate the amount at (a) into your losses from primary production and from non-primary production. Write the amounts at (b) and (c) respectively.

Step 2

Write at (d) the total of your exempt income for 2010–11, if any (see pages 111–3 to find out what amounts are exempt income).

Step 3

Write at (e) the total expenses (other than capital expenses) incurred in earning your exempt income. This amount should also include any foreign tax payable on your exempt income.

Step 4

Take (e) away from (d) and write the answer at (f). If (e) is more than (d), write **0** at (f).

Step 5

If (f) is more than (a), you do not have any losses you can claim at this item. Leave item **L1** blank and go to **TAXABLE INCOME OR LOSS** on page 54. Otherwise, take (f) away from (a) and write the answer at (g).

Step 6

- If you have an amount at (b) but not at (c), take (f) away from (b) and write the answer at (h).
- If you have an amount at (c) but not at (b), take (f) away from (c) and write the answer at (i).
- If you have amounts at both (b) and (c), you choose how much of (f) to take from each of (b) and (c).

You cannot have a negative amount at (h) or (i), and the total of (h) and (i) must equal (g).

WORKSHEET 1

	Total losses	Primary production losses	Non-primary production losses
Total tax losses from earlier years	\$ <input type="text"/>		(a)
Primary production losses from earlier years		\$ <input type="text"/>	(b)
Non-primary production losses from earlier years			\$ <input type="text"/> (c)
Exempt income for 2010–11	\$ <input type="text"/>		(d)
Expenses relating to your exempt income	\$ <input type="text"/>		(e)
Net exempt income for this year Take (e) away from (d).	\$ <input type="text"/>		(f)
Total prior year losses available for use this year Take (f) away from (a).	\$ <input type="text"/>		(g)
Take (f) away from (b) (primary production losses available for use).		\$ <input type="text"/>	(h)
Take (f) away from (c) (non-primary production losses available for use).			\$ <input type="text"/> (i)
You cannot have a negative amount at (h) or (i). The total of (h) and (i) must equal (g).			

Step 7

Transfer the amount at (h) to **Q** item **L1**.

Step 8

Transfer the amount at (i) to **R** item **L1**.

Step 9

If the amount at **SUBTOTAL** on page 4 of your tax return is a loss, go to step 19 in the next column. Otherwise, read on.

Part B – Losses claimed in this income year

The following steps will help you work out what to write at **F** and **Z** at item **L1** if the amount at **SUBTOTAL** is **not** a loss.

Step 10

If the amount at **SUBTOTAL** is more than or equal to the amount at (g) in **worksheet 1**, go to step 17. Otherwise, read on.

Step 11

If the amount at **SUBTOTAL** is more than or equal to the amount at **Q** item **L1**, go to step 14.

Otherwise, transfer the amount at **SUBTOTAL** to **F** item **L1**.

Step 12

Take the amount at **F** away from the amount at **Q** item **L1**.

The answer is the amount of primary production losses you carry forward to 2011–12. Keep a record of it for next year.

Step 13

The amount at **R** item **L1** is the amount of non-primary production losses you carry forward to 2011–12. Keep a record of it for next year.

You have now finished this question. Go to **TAXABLE INCOME OR LOSS** on page 54.

Step 14

Transfer the amount at **Q** item **L1** to **F** item **L1**.

Step 15

Take the amount at **F** item **L1** away from the amount at **SUBTOTAL**. Write the answer at **Z** item **L1**.

Step 16

Take the amount at **Z** item **L1** away from the amount at **R** item **L1**.

The answer is the amount of non-primary production losses you carry forward to 2011–12. Keep a record of it for next year.

You have no primary production losses to carry forward to 2011–12.

You have finished this question. Go to **TAXABLE INCOME OR LOSS** on page 54.

Step 17

Transfer the amount you wrote at **Q** item **L1** to **F** item **L1**.

Step 18

Transfer the amount you wrote at **R** item **L1** to **Z** item **L1**.

You have no primary production losses or non-primary production losses to carry forward to 2011–12. You have finished this question. Go to **TAXABLE INCOME OR LOSS** on page 54.

Part C – If the amount at SUBTOTAL is a loss

Step 19

If the amount you wrote at **SUBTOTAL** is a loss leave **F** and **Z** at item **L1** blank.

Step 20

Use **worksheet 2** to work out the primary production losses you carry forward to 2011–12 and the non-primary production losses you carry forward to 2011–12.

Make sure you show any losses as negative amounts in **worksheet 2**. Amounts you write at (t), (u), (v) and (w) may be losses. If so, show them as negative amounts.

WORKSHEET 2Amount from **SUBTOTAL**

This amount is a loss, show it as a negative amount.

\$ (p)Amount from item **D9**
on page 4 of your tax return\$ (q)Amount from item **D14**
on page 15 of your tax return
(supplementary section)\$ (r)

Add (q) and (r).

\$ (s)Add (s) which is either zero
or positive to (p) which is
negative.

If (t) is positive, go to step 23.

\$ (t)Amount from **Net primary
production distribution**
item **13** on page 13 of your
tax return (supplementary
section)\$ (u)Amount from **B** item **15** on
page 14 of your tax return
(supplementary section)\$ (v)

Add (u) and (v).

\$ (w)If (w) is a loss and is the same
or a greater loss than (t), write
the amount from (t) at (x).If (w) is a loss and is a smaller
loss than (t), write the amount
from (w) at (x).Otherwise, write **0** at (x).\$ (x)If (w) is a loss and is the same
or a greater loss than (t) write **0**
at (y).If (w) is a loss and is a smaller
loss than (t), take (w) away from
(t) and write the answer at (y).If (w) is not a loss, write the
amount from (t) at (y).\$ (y)**Step 21**If the amount at (x) is zero, then the amount at **Q** item **L1** is the amount of primary production losses you carry forward to 2011–12. Keep a record of it for next year.If the amount at (x) is not zero, then add the amount at (x) to the amount at **Q** item **L1**. When adding these two amounts ignore the fact that they are both negative amounts. The answer is the amount of primary production losses you carry forward to 2011–12. Keep a record of it for next year.**Step 22**If the amount at (y) is zero, then the amount at **R** item **L1** is the amount of non-primary production losses you carry forward to 2011–12. Keep a record of it for next year.If the amount at (y) is not zero, then add the amount at (y) to the amount at **R** item **L1**. When adding these two amounts ignore the fact that they are both negative amounts. The answer is the amount of non-primary production losses you carry forward to 2011–12. Keep a record of it for next year.You have finished this question. Go to **TAXABLE INCOME OR LOSS** on the next page.**Step 23**The amount at **Q** is your primary production losses you carry forward to 2011–12.The amount at **R** is your non-primary production losses you carry forward to 2011–12.

Keep a record of them for next year.

This question is about your total taxable income or loss. How you complete it will depend on whether you completed **F** or **Z** at item **L1 Tax losses of earlier income years** on page 4 of your tax return.

Have you completed F or Z at item L1?

NO ☐ Go to **No prior year losses** below.

YES ☐ Go to **Deducting your prior year losses** below.

COMPLETING YOUR TAX RETURN**No prior year losses**

Transfer the amount you have shown at **SUBTOTAL** on page 4 of your tax return to **\$ TAXABLE INCOME OR LOSS**.

If the amount at **\$ TAXABLE INCOME OR LOSS** is less than zero, print **L** in the **LOSS** box. Keep a record of this amount to work out your tax losses of earlier income years for next year.

You have now completed this section. Go to **Adjusted taxable income (ATI) for you and your dependants** on the next page.

Deducting your prior year losses

Add up the amounts at **F** and **Z** at item **L1** and take the total away from the amount you have written at **SUBTOTAL**. Write the answer at **\$ TAXABLE INCOME OR LOSS** on your tax return.

You cannot have a loss at **\$ TAXABLE INCOME OR LOSS** if you had amounts at **F** or **Z**. This is because **F** and **Z** are losses of earlier income years that you are able to deduct from your 2010–11 net income.

TAX TIPS

If the amount at **TAXABLE INCOME OR LOSS** on your tax return is a loss – that is, you have printed **L** in the **LOSS** box – this may not be the amount you show as losses carried forward from earlier income years at item **L1** on next year's tax return. Adjustments will have to be made to take into account any exempt income, deductions for gifts or donations (item **D9**) or personal superannuation contributions (item **D12** on the supplementary section of your tax return). Phone **13 28 61** for more information.

Adjusted taxable income (ATI) for you and your dependants

WHO IS A DEPENDANT?

A dependant can be:

- your spouse (see the definition of spouse on page 123)
- your parent or your spouse's parent
- a child who is under 21 years old (see the full definition of child on page 123) who is not a student
- a student under 25 years old who is studying full time at school, college or university
- a child-housekeeper (your child of any age who kept house for you full time)
- an invalid relative (your child, brother or sister) 16 years old or older who:
 - receives a disability support pension or a special needs disability support pension under the *Social Security Act 1991*
 - receives a rehabilitation allowance under the *Social Security Act 1991* and immediately before they were eligible to receive that allowance they were eligible for an invalid pension under that Act, or
 - has a certificate from a Commonwealth-approved doctor certifying a continuing inability to work.

A dependant needs to be an Australian resident for tax purposes (see page 4).

If you want to claim a tax offset for your dependants you need to work out your and your dependants' adjusted taxable income (ATI) for the relevant period to determine:

- whether you are eligible for a tax offset, and
- the amount of the tax offset you are entitled to.

The relevant period is identified in the questions dealing with the particular tax offset you wish to claim. This may be all of the 2010–11 income year or a period during 2010–11.

WHAT IS MAINTAINING A DEPENDANT?

You maintained a dependant if any of the following applied:

- you and your dependant lived in the same house
- you gave your dependant food, clothing and lodging
- you helped them to pay for their living, medical and educational costs.

If you had a spouse for the whole of 2010–11 and your spouse worked at any time during the year, we still consider you to have maintained your spouse as a dependant for the whole income year.

We consider you to have maintained a dependant even if the two of you were temporarily separated, for example, due to holidays or overseas travel.

If you maintained a dependant for only part of the year, you may need to adjust your claim accordingly.

WHAT IS ATI?

The following amounts are used to calculate a person's ATI:

- the person's taxable income
- the person's reportable employer superannuation contributions (see page 102 for a more detailed explanation of what a reportable employer superannuation contribution is)
- the person's deductible personal superannuation contributions (see page s40–1 in *TaxPack 2011 supplement* for a more detailed explanation of what a deductible superannuation contribution is)
- the person's adjusted fringe benefits (total reportable fringe benefit amounts multiplied by 0.535)
- certain tax-free government pensions or benefits received by the person (this does not include all government pensions and benefits that are exempt from income tax; see page 102 for an explanation of what pensions and benefits are included)
- the person's target foreign income (income and certain other amounts from sources outside Australia not included in your taxable income or received as a fringe benefit; see page 103 for a more detailed explanation of what target foreign income is)
- the person's net financial investment loss (the amount by which the person's deductions attributable to financial investment exceeded their total financial investment income; see pages 103–5 for a more detailed explanation)

- the person's net rental property loss (the amount by which the person's deductions attributable to rental property exceeded their rental property income; see pages 105–6 for a more detailed explanation)
- any child support payments the person provided to another person (see page 106 for an explanation of what child support payments are).

HOW TO WORK OUT ATI

You can use either our income test calculator on our website or **worksheet 1** on the next page.

If you are working out the ATI of a person for the whole year, you can get the amounts for **worksheet 1** from the person's tax return. **Table 1** shows you where the relevant amounts are on the tax return.

TABLE 1	
Working out ATI	
For worksheet 1:	The amount comes from:
(a)	TAXABLE INCOME OR LOSS on page 4 of the tax return
(b)	T item IT2 on page 8 of the tax return
(c)	H item D12 on page 15 of the supplementary section of the tax return
(d)	U item IT3 on page 8 of the tax return
(e)	V item IT4 on page 8 of the tax return
(f)	X item IT5 on page 8 of the tax return
(g)	Y item IT6 on page 8 of the tax return
(h)	W item IT1 on page 8 of the tax return, multiplied by 0.535 and rounded down to the nearest dollar
(j)	Z item IT7 on page 8 of the tax return.

If you are working out a dependant's ATI for part of the year, you cannot use the figures from their tax return. Instead, you must work out the amounts for the relevant period and complete the worksheet using these figures.

If you are completing a tax return for a deceased person, or your spouse died during the year and you need to know their ATI for the whole of 2010–11, see the instructions below **worksheet 1**.

WORKSHEET 1**Working out a person's ATI for the relevant period**

		You	Dependant 1	Dependant 2	Dependant 3
The period for which you need to work out the person's ATI	from: 1/7/2010 to: 30/6/2011				
The person's taxable income for the period. If taxable income is a loss, write 0 at (a).	(a)	\$	\$	\$	\$
The person's reportable employer superannuation contributions for the period	(b)	\$	\$	\$	\$
The person's deductible personal superannuation contributions for the period	(c)	\$	\$	\$	\$
The person's tax-free government pensions or benefits for the period	(d)	\$	\$	\$	\$
The person's target foreign income for the period	(e)	\$	\$	\$	\$
The person's net financial investment loss for the period	(f)	\$	\$	\$	\$
The person's net rental property loss for the period	(g)	\$	\$	\$	\$
The person's adjusted fringe benefits for the period	(h)	\$	\$	\$	\$
Add all the amounts from (a) to (h).	(i)	\$	\$	\$	\$
Child maintenance the person provided to a third party for the period	(j)	\$	\$	\$	\$
Take (j) away from (i). This is the person's ATI for the period*.	(k)	\$	\$	\$	\$

* If you are completing a tax return for a deceased person, or your spouse died during the year and you need to know their ATI for the whole of 2010–11, their ATI is the amount at (k):

- divided by the number of days the person was alive in 2010–11, and
- multiplied by 365.

The answer is the deceased person's ATI for the whole of 2010–11.

T1 Tax offsets

The following definitions will help you determine whether you are eligible for this tax offset.

Your '**spouse**' includes another person (whether of the same sex or opposite sex) who:

- you were in a relationship with that was registered under a prescribed state or territory law,
- although not legally married to you, lived with you on a genuine domestic basis in a relationship as a couple.

A **housekeeper** is someone who kept house for you full time and also cared for your dependent children, students or invalid relatives, or your dependent spouse who received a disability support pension.

A **child-housekeeper** is your child who kept house for you full time. Your child includes your adopted child, stepchild, ex-nuptial child or child of your spouse. However a child who is a full-time student or a full-time employee is not considered to keep house full time. (See the full definition of child on page 123).

Keeping house means more than simply child-minding or performing domestic duties. It includes having some responsibility for the general running of the household.

Adjusted taxable income (ATI) is explained on pages 55–7.

Spouse (without dependent child or student), child-housekeeper or housekeeper

Did you have a dependent spouse, child-housekeeper or housekeeper for any part of the year?

NO ☐ Go to question T2.

YES ☐ Read below.

Shared care

You had shared care if you, and your spouse if you had one, cared for your child for some of the income year, and someone else, such as a former spouse, cared for the child for the rest of the income year.

If you received family tax benefit Part B as part of a shared-care arrangement, you will need to know your **FTB shared-care percentage** to calculate your spouse offset. Your FTB shared-care percentage is usually not the same as your 'Shared care percentage' which appears on correspondence you have received from the Family Assistance Office (FAO).

If you do not know your **FTB shared-care percentage**, contact the FAO (see the inside back cover).

ANSWERING THIS QUESTION

If you had a dependent spouse, read on. If you had a child-housekeeper, go to part B. If you had a housekeeper, go to part C. If you are claiming a combination of these tax offsets, work through the relevant parts in order.

Part A – Dependent spouse

You cannot claim this tax offset if:

- your **adjusted taxable income (ATI)** for 2010–11 was more than \$150,000, or
- your spouse's **ATI** for 2010–11 was \$9,426 or more.

To work out your ATI go to pages 55–7 or go to www.ato.gov.au/calculators to use the online income test calculator.

You can claim a dependent spouse tax offset for any period in 2010–11 that you had a spouse and you met **all** these conditions:

- you maintained your spouse; see **What is maintaining a dependant?** on page 55
- your spouse was a resident; if you are not sure, read **Are you an Australian resident?** on page 4
- you were a resident at any time during 2010–11
- neither you nor your spouse (during any period they were your spouse) was eligible for family tax benefit (FTB) Part B or if one of you was eligible for it, you were eligible at the shared-care rate only.
- neither you nor your spouse (during any period they were your spouse) received parental leave pay.

To work out your spouse's **ATI for the period you can claim** use the worksheet on page 57.

The maximum spouse tax offset you can claim is \$2,286.

If you are entitled to claim a dependent spouse tax offset, go to part A of **Completing your tax return** on the next page.

Part B – Child-housekeeper

You cannot claim this tax offset if:

- your **adjusted taxable income (ATI)** for 2010–11 was more than \$150,000, or
- you had a spouse for all of 2010–11 and the combined ATI of you and your spouse was more than \$150,000, or
- you had a spouse for only part of the year and the sum of the following is more than \$150,000
 - your ATI
 - your spouse's ATI for 2010–11 *multiplied by* the number of days they were your spouse *divided by* 365, or
- you had a child-housekeeper for the whole year and their ATI for 2010–11 was \$7,734 or more, or \$9,210 or more if you had another dependent child or student.

To work out the ATI for you and your spouse go to pages 55–7 or go to **www.ato.gov.au/calculators** to use the online income test calculator.

You can claim a child-housekeeper tax offset for any period in 2010–11 that you had a child-housekeeper and you met **all** these conditions:

- you maintained your child-housekeeper; see **What is maintaining a dependant?** on page 55
- your child-housekeeper was a resident; if you are not sure, read **Are you an Australian resident?** on page 4
- you were a resident at any time in 2010–11
- you were not eligible for a dependent spouse tax offset under part A
- you were not eligible for FTB Part B or were eligible for it only at the shared-care rate
- you were not receiving parental leave pay.

To work out your child-housekeeper's **ATI for the period you can claim** go to pages 56–7 and use **worksheet 1**.

The maximum child-housekeeper tax offset you can claim is \$1,863, or \$2,232 if you had another dependent child or student.

If you are entitled to claim a child-housekeeper tax offset, go to part B of **Completing your tax return** on page 62.

Part C – Housekeeper

You cannot claim this tax offset if:

- your **adjusted taxable income (ATI)** for 2010–11 was more than \$150,000, or
- you had a spouse for all of 2010–11 and the combined ATI of you and your spouse was more than \$150,000, or
- you had a spouse for only part of the year and the sum of the following is more than \$150,000
 - your ATI
 - your spouse's ATI for 2010–11 *multiplied by* the number of days they were your spouse *divided by* 365.

To work out the ATI for you and your spouse go to pages 55–7 or go to **www.ato.gov.au/calculators** to use the online income test calculator.

A housekeeper is a person who worked **full time** keeping house for you and cared for:

- a child of yours under 21 years old, irrespective of the child's ATI
- any other child under 21 years old who was your dependant and whose ATI for the period you maintained them was less than the total of \$282 plus \$28.92 for each week you maintained them (to work out your child's **ATI for the period you can claim** go to pages 56–7 and use **worksheet 1**)
- your invalid relative who was your dependant (see page 55) and for whom you can claim a dependant tax offset (if you are not sure, you will need to read question **T10** in *TaxPack 2011 supplement*), or
- your spouse who received a disability support pension.

Keeping house means more than simply child-minding or performing domestic duties. It includes having some responsibility for the general running of the household.

T1 Spouse (without dependent child or student), child-housekeeper or housekeeper

You are eligible for the housekeeper tax offset for any period during which you had a housekeeper (who kept house for you wholly in Australia), provided you were an Australian resident at any time during 2010–11 and you:

- did not have a spouse and were **not**
 - entitled to claim a child-housekeeper tax offset under part B
 - eligible for FTB Part B or were eligible for it only at the shared-care rate, and
 - receiving parental leave pay

or

- had a spouse who received a disability support pension and you were **not** entitled to claim a child-housekeeper tax offset under part B

or

- had a spouse who did not receive a disability support pension, and
 - you were not entitled to claim a dependent spouse tax offset under part A or a child-housekeeper tax offset under part B
 - neither you nor your spouse were eligible for FTB Part B or were eligible for it only at the shared-care rate
 - neither you nor your spouse received parental leave pay, and
 - special circumstances applied, for example
 - your spouse deserted you and your children, and you did not enter into a relationship that resulted in you having a new spouse
 - you had a child with a severe mental disability who required constant attention
 - your spouse suffered from an extended mental illness and was medically certified as being unable to take part in the care of your children.

Where you consider that special circumstances applied, you will need to complete this item and provide additional information. Print SCHEDULE OF ADDITIONAL INFORMATION – ITEM T1 PART C on the top of a separate sheet of paper, print your name, address and tax file number and explain your situation. Attach your schedule to page 3 of your tax return. Print **X** in the **Yes** box at *Taxpayer's declaration* question **2a** on page 12 of your tax return. If we do not consider special circumstances applied, we will advise you.

The maximum housekeeper tax offset you can claim is \$1,863, or \$2,232 if you had more than one dependent child or student.

If you are entitled to claim a housekeeper tax offset, go to part C of **Completing your tax return** on page 65.

COMPLETING YOUR TAX RETURN

Part A – Dependent spouse

If you are eligible to claim the dependent spouse tax offset, use **worksheet 1** to work out the amount.

Step 1

Complete **worksheet 1**.

If you had more than one dependent spouse during the year you will need to go through the worksheet for each spouse.

WORKSHEET 1**Working out your dependent spouse tax offset**

If you had a dependent spouse for the whole year and neither of you were eligible for FTB Part B or received parental leave pay at any time during the year, write \$2,286 at (d), then continue from there.

If you had a dependent spouse for only part of the year and neither of you were eligible for FTB Part B during that period, work out the number of days you had a spouse and multiply this number by \$6.26.
Write the amount at (a).

\$ (a)

If you or your spouse were eligible for FTB Part B or parental leave pay at any time during the year, for the period you had a dependent spouse, work out the number of days that **neither** of you were eligible for FTB Part B or received parental leave pay. Multiply this number by \$6.26.
Write the amount at (b).

\$ (b)

If you or your spouse were eligible for FTB Part B at a shared-care rate at any time during the year, work through (p) to (s) below for the period you had a dependent spouse. (If your FTB shared-care percentage changed during the year, work through (p) to (s) for each period it was different.)

- Work out the number of days that you or your spouse was eligible for FTB Part B at the shared-care rate and write the answer at (p).
- Multiply the number of days from (p) by \$6.26 and write the answer at (q).
- Take your FTB shared-care percentage away from 100% and write the answer at (r).
- Multiply the amount from (q) by the percentage from (r) and write the answer at (s).

(p)

\$ (q)

% (r)

\$ (s)

Write the amount from (s) at (c). If your FTB shared-care percentage changed during the year, add up the amounts from (s) and write the total at (c).

\$ (c)

Add (a), (b) and (c). Write the answer at (d).

The amount at (d) is your maximum dependent spouse tax offset. It cannot be more than \$2,286.

\$ (d)

To calculate your spouse's ATI, you can use the worksheets on pages 56–7 or the online income test calculator at **www.ato.gov.au/calculators**

If your spouse's ATI for the period you are claiming the spouse tax offset was less than \$286, the amount at (d) is your spouse tax offset. Write this amount at (f) and go to step 3.

If your spouse's ATI was \$286 or more for the period you are claiming a spouse tax offset, deduct \$282 from their ATI and divide the remaining amount by 4. Round this down to the nearest dollar.

Write the answer at (e).

\$ (e)

Take (e) away from (d). Write the answer at (f).

\$ (f)

T1 Spouse (without dependent child or student), child-housekeeper or housekeeper

Step 2

If you also want to claim:

- a child-housekeeper tax offset, go to part B of **Answering this question** on page 59, or
- a housekeeper tax offset, go to part C of **Answering this question** on pages 59–60.

Otherwise read on.

Step 3

The amount at (f) is your dependent spouse tax offset. Write this amount at **P** item **T1** on page 5 of your tax return.

Step 4

Print **S** in the **CLAIM TYPE** box at the right of **P** item **T1**.

Step 5

Complete the income test items **IT1** to **IT7** on page 8 of your tax return.

Step 6

Complete **Spouse details – married or de facto** on pages 9–11 of your tax return. You need to complete **O, S, Q, A, B, C, D** and **E** on page 10.

Part B – Child-housekeeper

If you are eligible to claim a child-housekeeper tax offset, use **worksheet 2** to work out your tax offset amount.

Step 1

To claim the child-housekeeper tax offset, you must first determine which column to use in **worksheet 2**.

If you had a child (other than the child-housekeeper) under 21 years old, or a student under 25 years old, whose ATI for the period you maintained them was equal to or more than the total of \$282 plus \$28.92 for each week you maintained them, do not count them as a dependant when completing this worksheet.

If your child-housekeeper's ATI was less than \$9,210 and you had:

- another dependent child under 21 years old or
- a student under 25 years old, and
- their ATI for the period you maintained them was less than the total of \$282 plus \$28.92 for each week you maintained them, use **column 2**.

If the dependent child or student (who is not your child-housekeeper) was your dependant for only part of 2010–11, and their ATI was less than the total of \$282 plus \$28.92 for each week you maintained them, use the **column 2** daily rate. Otherwise, use the **column 1** daily rate.

If you did not have another dependent child under 21 years old or student under 25 years old, and your child-housekeeper's ATI was

- less than \$7,734, use **column 1**
- \$7,734 or more, you don't qualify for the tax offset.

WORKSHEET 2**Working out your child-housekeeper tax offset**

Column 1

Column 2

**No other
dependent child
or student****With another
dependent child
or student**

Daily rate

\$5.10

\$6.12

If you had a child-housekeeper for the whole year and you were **not** eligible for FTB Part B and did not receive parental leave pay at any time during the year, write:

- **\$1,863** at (d) if you use **column 1**, or
- **\$2,232** at (d) if you use **column 2**.

Then continue from there.

If you had a child-housekeeper for only part of the year and you were **not** eligible for FTB Part B and did not receive parental leave pay at any time during that period:

- work out how many days during the year you had a child-housekeeper
- multiply this number by the appropriate daily rate
- write the answer at (a) in the appropriate column.

\$		(a)	\$		(a)
----	--	-----	----	--	-----

If you were eligible for FTB Part B or received parental leave pay at any time during the year:

- work out how many days during the year you had a child-housekeeper and you were not eligible for FTB Part B or did not receive parental leave pay
- multiply this number by the appropriate daily rate
- write the answer at (b) in the appropriate column.

\$		(b)	\$		(b)
----	--	-----	----	--	-----

If you were eligible for FTB Part B at the shared-care rate at any time during the year, work through (p) to (s) below. (If your FTB shared-care percentage changed during the year, work through (p) to (s) for each period it was different.)

- Work out the number of days you had a child-housekeeper and you were eligible for FTB Part B at the shared-care rate. Write the answer at (p).
- Multiply the number of days from (p) by the appropriate daily rate. Write the answer at (q).
- Take your FTB shared-care percentage away from 100% and write the answer at (r).
- Multiply the amount from (q) by the percentage from (r) and write the answer at (s).

	(p)
--	-----

\$		(q)
----	--	-----

	%	(r)
--	---	-----

\$		(s)
----	--	-----

Write the amount from (s) at (c) in the appropriate column. If your FTB shared-care percentage changed during the year, add up the amounts from (s) and write the total at (c).

\$		(c)	\$		(c)
----	--	-----	----	--	-----

T1 Spouse (without dependent child or student), child-housekeeper or housekeeper

Working out your child-housekeeper tax offset (continued)		
	Column 1	Column 2
	No other dependent child or student	With another dependent child or student
Add (a), (b) and (c). Write the answer at (d). The amount at (d) is your maximum child-housekeeper tax offset. It cannot be more than \$1,863 if it is in column 1 or \$2,232 if it is in column 2 .	\$ <input type="text"/> (d)	\$ <input type="text"/> (d)
Write your child-housekeeper's ATI for the period you are claiming a child-housekeeper tax offset at V item T1 on page 5 of your tax return. Do not show cents. If your child-housekeeper did not have any ATI, write 0 . If your child-housekeeper's ATI was less than \$286, the amount at (d) is your child-housekeeper tax offset. Write this amount at P item T1 on page 5 of your tax return, then go to step 4. If your child-housekeeper's ATI was \$286 or more for the period you maintained them then deduct \$282 from their ATI for the period you are claiming a child-housekeeper's tax offset and divide the amount remaining by 4.	\$ <input type="text"/> (e)	\$ <input type="text"/> (e)
Write the answer in the appropriate column at (e).	\$ <input type="text"/> (f)	\$ <input type="text"/> (f)
Take (e) away from (d). Write the answer in the appropriate column at (f).	\$ <input type="text"/> (f)	\$ <input type="text"/> (f)

Step 2

If you also want to claim a housekeeper tax offset go to part C of **Answering this question** on page 59.

Otherwise add the amount at (f) from **worksheet 2** to the amount at (f) from **worksheet 1** if you used it.

Step 3

Write your total from step 2 at **P** item **T1** on page 5 of your tax return.

Step 4

Print one of the following code letters in the **CLAIM TYPE** box at the right of **P** item **T1**:

W if you are claiming a child-housekeeper tax offset and you had **no** dependent child or student (you used column 1)

H if you are claiming a child-housekeeper tax offset and you had a dependent child or student (you used column 2)

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.

Step 5

Complete the income test items **IT1** to **IT7** on page 8 of your tax return. If you had a spouse, you must also complete **Spouse details – married or de facto** on pages 9–11 of your tax return. You need to complete **O, S, Q, A, B, C, D** and **E** on page 10.

Part C – Housekeeper

If you are eligible to claim a housekeeper tax offset, use **worksheet 3** to work out your tax offset amount.

Step 1

Complete **worksheet 3**.

To claim the housekeeper tax offset, you must first determine which column to use in **worksheet 3**.

WORKSHEET 3**Working out your housekeeper tax offset**

Column 1

Column 2

No dependent child or student**With a dependent child or student**

Daily rate

\$5.10

\$6.12

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 eligible for FTB Part B or received parental leave pay at any time during the year,

or

- your spouse received a disability support pension for the whole year

then write **\$1,863** at (d) if you use **column 1** or **\$2,232** if you use **column 2**.

Then continue from there.

If you are eligible for a housekeeper tax offset for the whole year but do not meet the above rules:

- work out the total number of days during the year that
 - **neither** you nor your spouse (during any period they were your spouse) was eligible for FTB Part B or received parental leave pay, or
 - **either** you or your spouse (during any period they were your spouse) was eligible for FTB Part B or received parental leave pay, but your spouse was receiving a disability support pension

- multiply the number of days by the appropriate daily rate

\$

(a)

\$

(a)

- write the answer at (a) in the appropriate column.

If you are eligible for a housekeeper tax offset for only part of the year:

- work out the number of days during that part of the year that:
 - **neither** you nor your spouse (during any period they were your spouse) was eligible for FTB Part B, or
 - neither you nor your spouse (during any period they were your spouse) received parental leave pay, or
 - **either** you or your spouse (during any period they were your spouse) was eligible for FTB Part B or received parental leave pay, but your spouse was receiving a disability support pension

- multiply the number of days by the appropriate daily rate

\$

(b)

\$

(b)

- write the answer at (b) in the appropriate column.

T1 Spouse (without dependent child or student), child-housekeeper or housekeeper

Working out your housekeeper tax offset (continued)		
	Column 1	Column 2
	No dependent child or student	With a dependent child or student
Daily rate	\$5.10	\$6.12
<p>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, work through (p) to (s) below. (If your FTB shared-care percentage changed during the year, work through (p) to (s) for each period it was different).</p> <p>■ Work out the number of days during that period that you or your spouse (during any period they were your spouse) was eligible for FTB Part B at a shared-care rate. Write the answer at (p). <input type="text"/> (p)</p> <p>■ Multiply the number of days from (p) by the appropriate daily rate. Write the answer at (q). \$ <input type="text"/> (q)</p> <p>■ Take your FTB shared-care percentage away from 100% and write the answer at (r). <input type="text"/> % (r)</p> <p>■ Multiply the amount from (q) by the percentage from (r) and write the answer at (s). \$ <input type="text"/> (s)</p> <p>Write the amount from (s) at (c) in the appropriate column. If your FTB shared-care percentage changed during the year, add up the amounts from (s) and write the total at (c). <input type="text"/> \$ (c) <input type="text"/> \$ (c)</p> <p>Add (a), (b) and (c). Write the answer at (d). The amount at (d) is your housekeeper tax offset. It cannot be more than \$1,863 in column 1 or \$2,232 in column 2. <input type="text"/> \$ (d) <input type="text"/> \$ (d)</p>		

Step 2

Add the amount at (d) from **worksheet 3** to the amounts at (f) from **worksheets 1** and **2** if you used them.

Write your total at **P** item **T1** on page 5 of your tax return.

Step 3

Print one of the following code letters in the **CLAIM TYPE** box at the right of **P** item **T1**:

W if you are claiming a housekeeper tax offset and you had **no** dependent child or student

H if you are claiming a housekeeper tax offset and you had a dependent child or student

C if you are claiming a dependent spouse tax offset for part of the year and a child-housekeeper tax offset for another part of the year or a spouse tax offset and a housekeeper tax offset for the same period.

Step 4

Complete the income test items **IT1** to **IT7** on page 8 of your tax return. If you had a spouse, you must also complete **Spouse details – married or de facto** on pages 9–11 of your tax return. You need to complete **O**, **S**, **Q**, **A**, **B**, **C**, **D** and **E** on page 10.

Rebate income

We work out what we call 'rebate income' to determine whether you are eligible for either the senior Australians tax offset at **T2** or pensioner tax offset at **T3**.

Your rebate income is the total amount of your taxable income plus the following amounts if they apply to you:

- adjusted fringe benefits amount (total reportable fringe benefit amounts multiplied by 0.535)
- reportable employer superannuation contributions
- deductible personal superannuation contributions
- your net financial investment loss (the amount by which your deductions attributable to financial investments exceeded your total financial investment income)
- your net rental property loss (the amount by which your deductions attributable to rental property exceeded your rental property income).

To work out your rebate income, use the following worksheet or go to **www.ato.gov.au** and use our online calculator.

WORKSHEET 1

Working out your rebate income

Your taxable income (from **TAXABLE INCOME OR LOSS** on page 4 of your tax return)

If your taxable income is a loss, write **0** at (a). (a)

Your reportable employer superannuation contributions (from **T** item **IT2** on page 8 of your tax return)

(b)

Your deductible personal superannuation contributions (from **H** item **D12** on page 15 of your tax return)

(c)

Your net financial investment loss (from **X** item **IT5** on page 8 of your tax return)

(d)

Your net rental property loss (from **Y** item **IT6** on page 8 of your tax return)

(e)

Your adjusted fringe benefits amount

Multiply the amount from **W** item **IT1** on page 8 of your tax return by 0.535. Round down to the nearest dollar.

(f)

Add up all the amounts from (a) to (f). This is your 'rebate income'.

(g)

T2 Tax offsets

Senior Australians (includes age pensioners, service pensioners and self-funded retirees)

You can claim the senior Australians tax offset only if you meet all the following conditions relating to:

- age
- income
- eligibility for Australian Government pensions.

If you have a spouse you also need to work out whether they were eligible. See the definition of spouse on page 123.

You cannot claim this tax offset if you were in jail for the whole of 2010–11.

You may not get the senior Australians tax offset even if you meet all the eligibility conditions as the amount of the tax offset is based on your individual rebate income, not your combined rebate income if you have a spouse.

Work out your rebate income at **rebate income** on the previous page.

ANSWERING THIS QUESTION

Condition 1 – Age

You meet this condition if, on 30 June 2011, you were:

- a male
 - aged 65 years old or older, or
 - veteran or war widower aged 60 years old or older who met the veteran pension age test

or

- a female
 - aged 64 years old or older, or
 - veteran or war widow aged 59 years old or older who met the veteran pension age test.

To find out whether you meet the veteran pension age test, go to **More information** on page 70.

Do you meet **condition 1**?

YES ☐ Read **condition 2**.

NO ☐ You are not eligible for this tax offset.
Go to question **T3**.

Condition 2 – Income

You meet this condition if **any** of the following applied to you in 2010–11.

- You did not have a spouse, and your rebate income was less than **\$48,525**.
- You had a spouse, and the combined rebate income* of you and your spouse was less than **\$78,992**.
- At any time during the year you and your spouse had to live apart due to illness or because one of you was in a nursing home, and the combined rebate income* of you and your spouse was less than **\$91,840**.

* **Combined rebate income** includes your spouse's share of any net income of a trust which the trustee was liable to pay tax on because your spouse was under a legal disability (such as under 18 years old on 30 June 2011), was a bankrupt or was a person who was declared legally incapable because of a mental condition.

Do you meet **condition 2**?

YES ☐ Read **condition 3**.

NO ☐ You are not eligible for this tax offset.
Go to question **T3**.

Condition 3 – Eligibility for Australian Government pensions and similar payments

You meet this condition if **any** of the following three criteria applied to you in 2010–11.

- A** You received an Australian Government age pension from Centrelink, or a pension, allowance or benefit from the Department of Veterans' Affairs (DVA) at any time during 2010–11.

If **A** applied to you, you meet this condition. Go to **Completing your tax return**. Otherwise, read on.

- B** You were eligible for an Australian Government age pension during 2010–11 but did not receive it because you did not make a claim or because of the application of the income test or the assets test, and you satisfy one of the following:
- you have been an Australian resident for age-pension purposes for either 10 continuous years or for more than 10 years of which five years were continuous
 - you have a qualifying residence exemption (because you arrived in Australia as a refugee or under a special humanitarian program)
 - you are a woman who was widowed in Australia (at a time when both you and your late partner were Australian residents), you have made a claim for the age pension and you had two years residence immediately before your claim
 - you received a widow B pension, widow allowance, mature age allowance or partner allowance immediately before turning age-pension age
 - you would qualify under an international social security agreement.

If **B** applied to you, you meet this condition. Go to **Completing your tax return**. Otherwise, read on.

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 about the senior Australians tax offset, phone **13 28 61**.

- C** You were eligible for a pension, allowance or benefit from Veterans' Affairs during 2010–11 but did not receive it because you did not make a claim or because of the application of the income test or the assets test, and you satisfy either of the following:
- you are a veteran with eligible war service, or
 - you are a Commonwealth veteran, allied veteran or allied mariner with qualifying service.

If you are not sure whether you were eligible for a payment, you can get further information from the DVA website or by phoning Veterans' Affairs.

If **C** applied to you, you meet this condition.

Do you meet **condition 3**?

- YES** ☐ Go to **Completing your tax return** below.
- NO** ☐ You are not eligible for this tax offset. Go to question **T3**.

COMPLETING YOUR TAX RETURN

Step 1

Work out which of the following code letters applied to your circumstances.

SENIOR AUSTRALIANS TAX OFFSET CODE LETTERS

If at any time during 2010–11, you were single, separated or widowed, use **A**

If you and your spouse

- were **both** eligible for the senior Australians tax offset, and
- at any time in 2010–11 'had to live apart due to illness' or lived apart because one of you was in a nursing home, use **B**

If your spouse was **not** eligible for the senior Australians tax offset, and at any time in 2010–11 you and your spouse lived apart due to illness or because one of you was in a nursing home, use **C**

If you and your spouse lived together and you were **both** eligible for the senior Australians tax offset, use **D**

If you and your spouse lived together, but your spouse was **not** eligible for the senior Australians tax offset, use **E**

'Had to live apart due to illness' refers to situations where you and your spouse did not live together because one or both of you have an indefinitely continuing illness or infirmity and, as a result your combined living expenses were increased.

If only one code letter above applied, go to step 2.

T2 Senior Australians (includes age pensioners, service pensioners and self-funded retirees)

If **more than one** code letter applied, use the first code letter in the list on the previous page that applied to you, **except** as shown in the following table.

If both A and B applied, and your spouse's rebate income was less than \$18,334, use	B
If both A and C applied, and your spouse received an Australian Government payment listed at question 6 Australian Government pensions and allowances , and your spouse's rebate income was less than \$22,734, use	C
If both A and D applied, and your spouse's rebate income was less than \$12,494, use	D
If both A and E applied, and your spouse received an Australian Government payment listed at question 6 Australian Government pensions and allowances , and your spouse's rebate income was less than \$15,167, use	E

Step 2

Print your code letter in the **TAX OFFSET CODE** box at **N** item **T2**.

We will work out the amount of your tax offset. If you want to work it out, you can use the senior Australians and pensioner tax offset calculator at **www.ato.gov.au/calculators**

Step 3

If you or your spouse was a veteran, war widow or war widower, read on and work out your **veteran code letter**; otherwise, go to step 4.

Select the code letter that applies to you.

VETERAN CODE LETTERS	
If you were a veteran, war widow or war widower, use	V
If your spouse was a veteran, war widow or war widower, use	W
If both V and W apply to you, use	X

If a veteran code letter applies to you, print the code letter in the **VETERAN CODE** box at **Y** item **T2**. Otherwise, leave it blank.

Step 4

You must read pages 101–6 and, where applicable, complete income tests items **IT1**, **IT2**, **IT5** and **IT6** and for deductible personal superannuation contributions item **D12** on the *Tax return for individuals (supplementary section) 2011*.

Step 5

If your senior Australians tax offset code letter is **A** go to question **T4**. If your senior Australians tax offset code letter is **B**, **C**, **D** or **E**, you must complete **Spouse details – married or de facto** on pages 9–11 of your tax return.

Any unused portion of tax offset

If you are eligible for the senior Australians tax offset and your spouse is eligible for either the senior Australians tax offset or pensioner tax offset, and one of you does not fully use your tax offset, the unused portion may be available for transfer to the other person. We will work this out automatically and transfer any entitlement.

MORE INFORMATION

You meet the **veteran pension age test** if one of the following applied to you and you were eligible for a pension, allowance or benefit under the *Veterans' Entitlements Act 1986*.

- You have eligible war service, that is, service in World War II or operational service as a member of the Australian Defence Force.
- You are a Commonwealth or allied veteran who served in a conflict in which the Australian Defence Force was engaged during a period of hostilities, that is, World War II, or in Korea, Malaya, Indonesia or Vietnam.
- You are an Australian or allied mariner who served during World War II.
- You are the war widow or widower of a former member of the Australian Defence Force.

'Pension, allowance or benefit' includes:

- disability pension
- service pension, and
- white or gold Repatriation health cards for treatment entitlements.

If you are not sure if you meet the veteran pension age test, visit the DVA website at **www.dva.gov.au** or phone Veterans' Affairs on **13 32 54**.

Did you show an Australian Government pension or allowance at item 6 on your tax return?

NO ☐ Go to question **T4**.

YES ☐ Read below.

If you have already claimed a tax offset at item **T2**, go to question **T4**, because you cannot also claim this tax offset.

COMPLETING YOUR TAX RETURN**Step 1**

Work out which of the following code letters applied to your circumstances. The code letter tells us how to work out the amount of your tax offset.

PENSIONER TAX OFFSET CODE LETTERS

If at any time during 2010–11 while you were receiving an Australian Government pension or allowance listed at question **6** from:

Veterans' Centrelink Affairs

■ you were single, widowed or separated, use	S	L
■ you and your spouse lived together, use	P	M
■ you and your spouse 'had to live apart due to illness'* or you lived apart because one of you was in a nursing home, use	I	A
If more than one code letter applies:		
■ If both P and I apply to you, use	I	
■ If S , P and I all apply to you, use	J	
■ If both S and I apply to you, use	J	
■ If both S and P apply to you, use	Q	
■ If both M and A apply to you, use		A
■ If L , M and A all apply to you, use		K
■ If both L and A apply to you, use		K
■ If both L and M apply to you, use		R

* 'Had to live apart due to illness' refers to situations in which you were paid a pension at a higher rate because you and your spouse did not live together in your home due to illness. If you are not sure, check with Centrelink or the Department of Veterans' Affairs.

Go to step 2.

Step 2

Print your pensioner tax offset code letter in the **TAX OFFSET CODE** box at **O** item **T3**.

We will work out the amount of your tax offset. If you want to work it out, you can use the senior Australians and pensioner tax offset calculator at www.ato.gov.au/calculators

Step 3

If you or your spouse were a veteran, war widow or war widower, you need to work out your **veteran code**. Select the code letter that applies to you.

VETERAN CODE LETTERS

If you were a veteran, war widow or war widower, use	V
If your spouse was a veteran, war widow or war widower, use	W
If both V and W apply to you, use	X

If a veteran code letter applies to you, print the code letter in the **VETERAN CODE** box at **T** item **T3**. Otherwise, leave it blank.

Step 4

If your pensioner tax offset code letter was **S** or **L**, you must read pages 101–6 and where applicable, complete **Income tests** items **IT1**, **IT2**, **IT5** and **IT6**. Then go to question **T4**.

Step 5

If your pensioner tax offset code letter was **P**, **Q**, **I**, **J**, **M**, **R**, **A** or **K**, you must read pages 101–6 and, where applicable, complete **Income tests** items **IT1**, **IT2**, **IT5** and **IT6**. Then read pages 107–9 and complete **Spouse details – married or de facto** on pages 9–11 of your tax return.

ANY UNUSED PORTION OF TAX OFFSET

If you are eligible for the pensioner tax offset and your spouse is eligible for either the senior Australians tax offset or pensioner tax offset, and one of you does not fully use your tax offset, the unused portion may be available for transfer to the other person. We will work this out automatically and transfer any entitlement.

T4 Tax offsets

Australian superannuation income stream

If you have shown income from an Australian superannuation income stream at item **7** on your tax return, you may be entitled to a tax offset equal to

- 15% of the taxed element, or
- 10% of the untaxed element of your superannuation income stream benefit.

The tax offset amount will be shown on your *PAYG payment summary – superannuation income stream*.

You are not entitled to a tax offset for the taxed element of any superannuation income stream you received before you turned 55 years old unless the superannuation income stream was either:

- a disability superannuation benefit, or
- a death benefit income stream.

You are not entitled to a tax offset for the untaxed element of any superannuation income stream received before you turned 60 years old unless the superannuation income stream is a death benefit income stream and the deceased died after they turned 60 years old.

Did you receive an Australian superannuation income stream shown on a *PAYG payment summary – superannuation income stream*?

NO ☐ Go to question **T5**.

YES ☐ Read below.

ANSWERING THIS QUESTION

You will need your *PAYG payment summary – superannuation income stream* which should show the amount of the tax offset.

Contact your payer if you:

- did not receive a payment summary or you lost your payment summary
- think you qualify for this tax offset and the payment summary does not show it
- disagree with the amount shown on your payment summary.

Alternatively, go to **www.ato.gov.au** for further instructions if you are entitled to a tax offset and your *PAYG payment summary – superannuation income stream* does not show a tax offset amount.

COMPLETING YOUR TAX RETURN

Step 1

Add up the tax offsets that are either shown on a superannuation income stream payment summary or worked out by you.

Step 2

Write the total at **S** item **T4**.

MORE INFORMATION

For more information on how this tax offset is worked out, see **Special circumstances and glossary** on page 121.

You can claim a private health insurance tax offset if you paid a premium for a complying private health insurance policy or your employer paid this premium on your behalf.

Your health insurance policy is complying if:

- it is provided by a registered health insurer
- it provides hospital or general (also known as 'extras') cover or combined hospital and general cover, and
- it meets other complying private health insurance policy requirements.

If you are not sure, your health insurer can tell you whether your policy meets these conditions. The Private Health Insurance Administration Council website at **www.phiac.gov.au** can tell you whether your insurer is a registered health insurer.

Did you, or your employer on your behalf, pay a premium for a complying private health insurance policy?

NO ☐ Go to question **T6**.

YES ☐ Read below.

Check the statements from all of the health insurers you paid premiums to. If the amounts at **G** on your statements are \$0, you have already received your full entitlement and you do not need to complete this item. Go to question **T6**.

If you have an amount greater than \$0 at **G**, read below.

ANSWERING THIS QUESTION

You will need a statement from your registered health insurer.

If you did not receive a statement, contact your insurer. If you do not have a statement because your employer paid the premium, contact your insurer or employer.

If you cannot get a statement from your health insurer, or if your statement shows a total amount expected to be paid during the year which is different to the total amount actually paid (for example, you did not make one of the expected payments), you will need to calculate your tax offset yourself. Go to **www.ato.gov.au** and enter 'T5 private health insurance', in the 'Search for' box at the top of the page; then click the hyperlink 'worksheets' on that page to use one of the two worksheets to help you work out what you can claim.

You cannot claim this tax offset for premiums paid if you have already claimed a private health insurance rebate for them, either as reductions in your premiums through the health insurer or as cash or cheque rebates from Medicare.

COMPLETING YOUR TAX RETURN

Step 1

Add up all the amounts shown at **G** on your statements.

Step 2

Deduct any cash or cheque rebates you received from Medicare for your private health insurance premiums.

Step 3

If the result from step 2 is \$0 or a negative amount, you have already received your full entitlement.

If the result from step 2 is greater than \$0, that amount is your tax offset. Write the amount at **G** item **T5**.

If you and another person made payments for the same policy (for example, from a joint bank account) you can each claim the proportion of the amount you worked out at step 2 that reflects the amount of the premiums that you paid.

T6 Tax offsets

Education tax refund

You may be eligible for the education tax refund (ETR) if you, or your partner, incurred eligible education expenses between 1 July 2010 and 30 June 2011 for the primary or secondary school studies (at school, home or TAFE) of:

- a child, or
- yourself, if you were an independent student under 25 years old undertaking primary or secondary studies.

For the purpose of this question, your **partner** is a person of the same or opposite sex:

- with whom you are legally married or in a marriage-like relationship
- from whom you are not permanently separated, and
- who is not blood-related, related by adoption or under the age of consent.

You **incur** an expense in the income year when:

- you receive a bill or invoice for an expense that you are liable for and must pay (even if you don't pay it until after the end of the year), or
- you do not receive a bill or invoice but you are charged and you pay for the expense.

You can claim carry-forward excess eligible education expenses from last year only if you are eligible for the ETR in respect of eligible education expenses incurred this year.

For you to be eligible to claim the ETR for an expense for a student, the expense must be an **eligible education expense**, and when the expense was incurred:

- you must have met **one** of the four conditions below, and
- the student must have met the schooling requirement.

See:

- page 75 for a list of **eligible education expenses**
- page 75 for **schooling requirement**
- below for information on the four conditions.

Do you want to claim the ETR?

NO ☐ Go to question **T7**.

YES ☐ Read below.

You must meet one of the four following conditions for **each** student for whom you want to claim the ETR.

CONDITION 1: RECEIVING FAMILY TAX BENEFIT (FTB) PART A

On the day you or your partner incurred the expense in respect of the child, were you eligible to receive FTB Part A for that child?

To be eligible to receive FTB Part A for a child you must have lodged a claim for the child and had your claim approved. If you are not sure whether you were eligible to receive FTB Part A for that child, contact the Family Assistance Office (see the inside back cover).

YES ☐ Go to **Schooling requirement** on the next page.

NO ☐ Read **Condition 2: Receiving payments other than FTB**.

CONDITION 2: RECEIVING PAYMENTS OTHER THAN FTB

You met this condition if, on the day you or your partner incurred the expense in respect of the child, that child was not your **FTB child** (see the definition on page 79) only because one of these payments was paid for the child¹:

- a social security pension or benefit
- a Labour Market Program payment, or
- a prescribed educational scheme payment.

Did you meet this condition?

YES ☐ Go to **Schooling requirement** on the next page.

NO ☐ Read **Condition 3: Child stops school**.

¹ These payments include:

- Youth Allowance
- disability support pension
- ABSTUDY living allowance
- payments under the Veterans' Children Education Scheme
- payments under the scheme to provide education and training under the *Military Rehabilitation and Compensation Act 2004*.

If you are not sure whether a payment for the child is one of these types of payment, contact the payer.

CONDITION 3: CHILD STOPS SCHOOL

You can meet this condition for the child only if:

- on the day you or your partner incurred the expense in respect of the child, the child was 16 years or older and met the schooling requirement
- the child was not undertaking primary or secondary school studies on 30 June 2011, and
- you would have satisfied condition 1 or 2 for the child on the day the expense was incurred if the child had earned no income in the 2010–11 income year.

If all these criteria are satisfied the Commissioner will accept that you have met condition 3 when you or your partner incurred the expense.

Did you meet this condition?

YES ☐ Go to **Schooling requirement** in the next column.

NO ☐ Read **Condition 4: Independent student**.

CONDITION 4: INDEPENDENT STUDENT

You met this condition if, on the day you incurred the expense, you were under 25 years old and:

- you were receiving a social security pension or benefit, a Labour Market Program payment or a prescribed educational scheme payment*
- you met the independence requirements for the payment
- you were an Australian resident (under the *Social Security Act 1991*) or a special category visa holder (under the *Migration Act 1958*)
- you were residing in Australia, and
- no one else, such as your parent or an approved care organisation, was entitled to the ETR for you.

Did you meet this condition?

YES ☐ Go to **Schooling requirement** in the next column.

NO ☐ You are not eligible for this tax offset. Go to question **T7**.

* These payments include:

- Youth Allowance
- disability support pension
- ABSTUDY living allowance
- payments under the Veterans' Children Education Scheme
- payments under the scheme to provide education and training under the *Military Rehabilitation and Compensation Act 2004*.

If you are not sure whether a payment for the child is one of these types of payment, contact the payer.

SCHOOLING REQUIREMENT

If the student was enrolled or registered in a primary or secondary school course (at school, home or TAFE) and attended that course, or received the home schooling, for at least one day:

- between 1 July 2010 and 31 December 2010, then they met the schooling requirement for every day in that period
- between 1 January 2011 and 30 June 2011, then they met the schooling requirement for every day in that period
- in each of those two six-month periods, then they met the schooling requirement for the whole year.

Primary or secondary school

If you are uncertain whether your child is registered in a primary or secondary course you need to contact your state or territory department of education.

Did the student meet the schooling requirement?

NO ☐ You are not eligible for this tax offset. Go to question **T7**.

YES ☐ Read below.

EDUCATION EXPENSES

The following are **eligible education expenses** if they relate directly to the education of the student for whom you are claiming the ETR:

- laptops, home computers, repair and associated running costs
- computer-related equipment, such as printers, USB flash drives, as well as disability aids to assist in the use of computer equipment for students with special needs, repair and associated running costs
- home internet connection, including the costs of establishing and maintaining it
- computer software, for example, word processing, spreadsheet and presentation software
- school textbooks and other paper-based school learning material, including prescribed textbooks, associated learning materials, study guides and stationery
- tools of trade, such as tools required to complete a school-based apprenticeship.

The following are **not eligible expenses** for the ETR:

- school fees
- school uniform expenses
- student attendance at school excursions and camps
- tutoring costs

- sporting equipment
- musical instruments
- library book fees
- building levies
- school subject levies
- school photos
- donations
- tuckshop expenses
- waiting list fees
- transport
- membership fees
- computer games and consoles.

You cannot claim for an expense, or that part of an expense:

- that is tax deductible
- that is subject to another tax offset, or
- for which you received or are entitled to receive a reimbursement or payment under a Commonwealth benefit, grant or subsidy.

Were the expenses you want to claim eligible education expenses?

- YES** ☐ Go to **Answering this question** below.
- NO** ☐ You are not eligible for this tax offset.
Go to question **T7**.

ANSWERING THIS QUESTION

Use the following steps and worksheets to calculate your ETR, or go to **www.ato.gov.au** and use the ETR calculator there.

If you are an independent student go to **Completing worksheet 1**.

Before you can work out how much you can claim, you need to know whether you had an FTB agreed percentage or an FTB shared-care percentage for the child.

If both you and your partner met condition 2 or 3, you can make a written agreement with your partner stating which of you will claim the ETR. Otherwise, you will each have to claim half the ETR.

You have to use the ETR calculator at **www.ato.gov.au** if:

- you had an FTB shared-care or FTB agreed percentage that changed during the year
- you met condition 1 for a child during part of the income year and you met condition 2 or 3 for the same child during another part of the income year, or
- you and your partner met condition 2 or 3 unless

- you had a written agreement that one of you would claim the ETR for every day in the year, or
- you did not have a written agreement at all.

Completing worksheet 1

Complete **worksheet 1** to work out the maximum ETR you can claim (your ETR limit).

If you were an independent student, use any column in the worksheet and disregard any instruction that relates to a child.

If you have more than five children for whom you want to claim the ETR, use a separate piece of paper to continue your calculations.

Step 1

For a student who attended secondary school on a day during 2010–11, write **\$794** at (a). For a student who attended only primary school during 2010–11, write **\$397** at (a).

Step 2

Write at (b), for each student, the number of **eligible days**, that is, days when:

- you met any of the four conditions on pages 74–5 with respect to the student **and**
- the student met the schooling requirement.

If both of the above dot points are satisfied for the whole income year, write **365** at (b).

Step 3

- If you met condition 4, write **1** at (c).
- If you met condition 1 and had an FTB agreed percentage, write this percentage at (c) as a decimal (for example, write **0.65** not 65%).
- If both you and your partner met condition 2 or 3, and you do not have a written agreement with your partner, your agreed percentage is 50%. Write **0.5** at (c).
- Otherwise, your agreed percentage is 100%. Write **1** at (c).

Step 4

- If you met condition 4, write **1** at (d).
- If you and your partner **did not share the care** of the child with someone else, write **1** at (d).
- If you met condition 1, write your FTB shared-care percentage for the child at (d) as a decimal.
- If you met condition 2 or 3, work out the number of days that the child was with you and your partner during 2010–11 that were also eligible days (see step 2). Divide that number by the number of eligible days at (b) and write the answer at (d).

WORKSHEET 1**Working out your ETR limit**

	Child 1	Child 2	Child 3	Child 4	Child 5	
Amount from step 1	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>	(a)
Number of eligible days	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	(b)
Agreed percentage	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	(c)
Shared-care percentage	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	(d)
Multiply (b), (c) and (d).	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	(e)
Divide (e) by 365 (round to two decimal places).	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	(f)
Multiply (a) by (f).	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>	(g)
Add up all the amounts at (g) and round up to the next dollar.					\$ <input type="text"/>	(h)

The amount at (h) is your ETR limit.

Work out the total eligible expenses you can claim ETR for

Eligible expenses are eligible education expenses you incurred at a time when:

- you met condition 1, 2, 3 or 4, and
- the student met the schooling requirement.

Step 5

If you were an independent student, add up all your eligible expenses and write the total at (p) in **worksheet 2**. Ignore rows (j) to (o). Write any excess eligible expenses carried forward from 2009–10 at (q) and complete (r) and (s). Go to step 7.

If you were single for the whole income year and you did not share the care of the child, add up all the eligible expenses that you incurred when you met condition 1, 2 or 3. Write the total at (p) in **worksheet 2**. Ignore rows (j) to (o). Write any excess eligible expenses carried forward from 2009–10 at (q) and complete (r) and (s). Go to step 7.

Otherwise, read on.

Step 6

Add up all the eligible expenses that you and your partner incurred when you met condition 1. Write the total at (j) in **worksheet 2**.

Write at (k) in **worksheet 2** your FTB agreed percentage from (c) in **worksheet 1**.

Add up and write at (m) in **worksheet 2** all the eligible expenses that you and your partner incurred when:

- you both met condition 2 or 3, and
- you did not have a written agreement with your partner identifying who would claim ETR.

Add up and write at (o) in **worksheet 2** all the eligible expenses that you and your partner incurred when:

- you both met condition 2 or 3, and
- you had a written agreement with your partner that you would claim the ETR.

WORKSHEET 2**Working out the total expenses you can claim ETR for**Your expenses under condition 1 (j)Your FTB agreed percentage (k)Multiply (j) by (k). (l)Your expenses under condition 2 or 3 without a written agreement (m)Divide (m) by 2. (n)Your expenses under condition 2 or 3 with a written agreement (o)Add (l), (n) and (o). (p)Your excess eligible expenses carried forward from 2009–10 (q)Add (p) and (q). (r)Divide (r) by 2 and round up to the next dollar. (s)

The amount at (s) is the maximum amount of eligible education expenses you may claim.

Work out the amount of your ETR**Step 7**

Transfer the amount from (h) in **worksheet 1** or (s) in **worksheet 2**, whichever is less, to **L item T6**.

If you transferred the amount from (s) in **worksheet 2** to **L item T6**, go to step 9. Otherwise, read on.

Work out the excess eligible expenses you can carry forward to 2011–12**Step 8****WORKSHEET 3****Working out the excess eligible expenses**Transfer (s) from **worksheet 2**. (s)Transfer (h) from **worksheet 1**. (h)Take (h) away from (s). (t)Multiply (t) by 2. (u)

If the amount at (u) in **worksheet 3** is less than the amount at (p) in **worksheet 2**, then the amount at (u) is the amount you carry forward and include in your total eligible education expenses when working out your ETR for 2011–12, provided you are still eligible to claim ETR in that year. Keep a record of the amount at (u).

If the amount at (u) in **worksheet 3** is greater than the amount at (p) in **worksheet 2**, then the amount at (p) is the amount you carry forward and include in your total eligible education expenses when working out your ETR for 2011–12, provided you are still eligible to claim ETR in that year. Keep a record of the amount at (p).

Number of students**Step 9**

Add up the number of primary school students you are claiming ETR for and write the answer at **W item T6**.

Step 10

Add up the number of secondary school students you are claiming ETR for and write the answer at **X item T6**.

DEFINITION OF FTB CHILD

A child will be your 'FTB child' when:

- the following criteria are met, and
- the child is not prevented from being your FTB child by the negative test (see the next column).

There may be other situations in which a child will be your FTB child. If in doubt, contact the FAO.

Basic criteria

- The child must be in your care (see negative test).

The child must be:

- an Australian resident, or
- a special category visa holder residing in Australia, or
- living with you and you must be an Australian resident or a special category visa holder.
- The child, or someone on their behalf, must not receive any social security pension or benefit or Labour Market Program payment for the child.
- The child must be under 25 years old.

The child either:

- must not be your partner, or
- if the child is under 16 years old, the child would not be your partner even if they were over the age of consent in your state or territory.

Contact the FAO about the following situations when a child might still be your FTB child:

- The child is taken out of your care without your consent.
- You or the child is not in Australia.
- The child is under 18 years old and from another relationship of your partner.

Age-based criteria

If the **child is under 18 years old**, one of the following criteria must be met:

- You are legally responsible (or jointly legally responsible with another person) for the day-to-day care, welfare and development of the child.
- You are a person with whom the child is supposed to live or spend time under a family law order, registered parenting plan or parenting plan that is in force for the child.
- The child is not in the care of anyone legally responsible for their day-to-day care, welfare and development.

If the **child is 5 years old or older and under 16 years old**, and they are not studying full time or engaged in a course of primary education, their adjusted taxable income (ATI) must be less than \$13,010.

If the **child is 16 years old or older and under 21 years old**:

- their ATI must be less than \$13,010
- the child, or someone on their behalf, must not receive any payments under a prescribed educational scheme for the child, and
- for the purposes of the education tax refund, the child must also from 1 January 2011:
 - have completed the final year of secondary school or an equivalent qualification, or
 - be undertaking full-time study in an approved course that, in the opinion of the FAO, will assist or allow the child to complete the final year of school or an equivalent qualification.

If the **child is 21 years old or older and under 25 years old**:

- the child must be undertaking full time study
- their ATI must be less than \$13,010, and
- the child, or someone on their behalf, must not receive any payments under a prescribed educational scheme for the child.

For an explanation of ATI and its components, go to the 'Family assistance guide' at http://www.fahcsia.gov.au/guides_acts/fag/faguide-3/faguide-3.2.html

The negative test

If you satisfy the criteria above for a child on a day, that child is your 'FTB child' on that day unless **all** of the following conditions apply on that day:

- the child is also an FTB child of one or more other person with whom you share the care of the child
- you made a claim for FTB in respect of the child for all or part of the income year
- you are not the partner of someone in respect of whom the child is an FTB child, and
- the FAO has determined that you care for the child for less than 35% of the time.

If all the conditions above apply, the child is not your 'FTB child'.

T Tax offsets

You need to use *TaxPack 2011 supplement* if you were entitled to any of the following tax offsets:

- tax offset for superannuation contributions on behalf of your spouse
- tax offset for living in a remote or isolated area of Australia
- tax offset for serving overseas as a member of the Australian Defence Force or a United Nations armed force
- tax offset for net medical expenses over the threshold amount
- tax offset for maintenance of your parent, spouse's parent or invalid relative
- landcare and water facility tax offset brought forward from an earlier year

Tax offsets that you show on the supplementary section of the tax return

- mature age worker tax offset
- entrepreneurs tax offset
- tax offset for interest from the land transport facilities tax offset scheme or infrastructure borrowings scheme
- tax offset for performing work or services in the Joint Petroleum Development Area (JPDA)
- foreign income tax offset, which you claimed at item **20**.

Were you entitled to any of the above tax offsets?

NO ☐ Go to **Total tax offsets**.

YES ☐ Read below.

ANSWERING THIS QUESTION

You can find the *Tax return for individuals (supplementary section) 2011* at the back of *TaxPack 2011 supplement*. If you don't have a copy of this supplement, you can get one from most newsagents during the lodgment period (1 July to 31 October 2011). Copies are also available all year from our Publications Distribution Service (see the inside back cover) and shopfronts.

COMPLETING YOUR TAX RETURN

Step 1

Complete the details at the top of page 13 on your *Tax return for individuals (supplementary section) 2011*. Use *TaxPack 2011 supplement* to complete the **TAX OFFSETS** section on page 16 of your tax return (supplementary section).

Step 2

Transfer the amount you wrote at **TOTAL SUPPLEMENT TAX OFFSETS** on page 16 of your tax return (supplementary section) to **T** on page 5 of your tax return.

COMPLETING YOUR TAX RETURN

Step 1

Check that you have claimed all the tax offsets you are eligible for.

Step 2

Add up all the tax offset amounts you claimed at items **T1**, **T4**, **T5**, **T6** and **T** on your tax return. (We work out the amounts at items **T2** and **T3** automatically.)

Step 3

Write the total amount at **U TOTAL TAX OFFSETS** on page 5 of your tax return.

Mature age worker tax offset

If you were an Australian resident 55 years old or older on 30 June 2011 and you have received certain income from working, you may be eligible for the mature age worker tax offset.

If you have net income from working as a result of amounts that you show at items in the supplementary section of the tax return, you will need to complete item **T12 Net income from working – supplementary section** so we can work out your mature age worker tax offset entitlement.

Adjustments that you show on the supplementary section of the tax return

COMPLETING YOUR TAX RETURN

Did you receive a distribution during 2010–11 on which family trust distribution tax has been paid?

YES ☐ Read question **A4** on page s66 in *TaxPack 2011 supplement*. You may be entitled to an adjustment.

NO ☐ Read on.

Did you make a payment to us more than 14 days before the due date for payment?

YES ☐ Read question **C1** on page s67 in *TaxPack 2011 supplement*. You may be able to claim credit for interest on early payments.

NO ☐ Go to **Private health insurance policy details** on the next page.

Private health insurance policy details

You need to complete this item if you claimed a tax offset at item **T5 Private health insurance** or you were directed to provide this information at question **M2 Medicare levy surcharge**.

Did you have private health insurance at any time from 1 July 2010 to 30 June 2011?

NO ☐ Go to question **M1**.

YES ☐ Read below.

You must complete item **M2 Medicare levy surcharge**, it is compulsory.

ANSWERING THIS QUESTION

You will need your statements from your registered health insurers.

If you did not receive a statement, contact your insurer. If you do not have a statement because your employer paid the premium, contact your insurer or employer.

You may have been covered by a family policy even though you or your employer did not pay the premium. You can show the type of cover you had under that policy at this item.

HELPFUL HINTS

You can download your private health insurance details online any time using the pre-filling service in e-tax. Go to **www.ato.gov.au/etaxprefilling**

COMPLETING YOUR TAX RETURN

Use the information shown on your statements to complete your tax return.

If you had more than three policies, go to step 4.

Step 1

Print the identification code of each of your health insurers at **B Health insurer ID** on page 6 of your tax return.

Step 2

Write each of your private health insurance membership numbers at **C Membership number**.

Step 3

In the **Type of cover** box, print the code letter from each of your statements. If you don't have a statement, print the code letter from the table in the next column that best describes the type of health insurance cover you had.

TYPE OF COVER	CODE LETTER
General cover (also known as 'extras')	A
Hospital cover	H
Combined hospital and general cover	C

If you changed the cover under a policy during the year, print the code letter for the highest level of cover.

You have finished this question. Go to question **M1**.

Step 4

If you had more than three policies during the year, complete steps 1 to 3 for the first three policies. Then, on a separate sheet of paper, print SCHEDULE OF ADDITIONAL INFORMATION – PRIVATE HEALTH INSURANCE POLICY DETAILS. Print your name, address and tax file number, and list the health insurer's ID code, your membership number and the type of cover for each of the other policies you held. Attach your schedule to page 3 of your tax return. Print **X** in the **YES** box at *Taxpayer's declaration* question **2a** on page 12 of your tax return.

TAX TIPS

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

Medicare levy reduction or exemption

Medicare levy **M1**

This question is about whether you qualify for a Medicare levy reduction or exemption. Australian residents are subject to a Medicare levy of 1.5% of their taxable income unless they qualify for a reduction or exemption.

If you are not an Australian resident, you are exempt from the Medicare levy.

A Medicare levy reduction is based on your taxable income. A Medicare levy exemption is based on specific categories. You need to consider your eligibility for a reduction or an exemption separately.

The first part of this question deals with Medicare levy reduction. If you are not eligible for a reduction, you will be directed to read the exemption section to see if you qualify for a Medicare levy exemption.

Part A – Medicare levy reduction

ANSWERING THIS QUESTION

Your eligibility for a reduction of your Medicare levy is based on your and your spouse's taxable income and your circumstances.

For the definition of spouse, see page 123.

TABLE 1

Medicare levy thresholds for an individual

Category	Lower threshold	Upper threshold
If you were eligible for the senior Australians tax offset (see question T2)	\$30,685	\$36,100
If you were eligible for the pensioner tax offset (see question T3)	\$30,439*	\$35,810*
All other taxpayers	\$18,839*	\$22,163*

* At the time of printing *TaxPack 2011* this amount had not become law.

Even if you meet all the eligibility conditions for the senior Australians tax offset you may not get it as the amount of the tax offset is based on your individual taxable income, not your combined taxable income if you had a spouse. If you do not get it, you will not get a Medicare levy reduction.

For this question, your taxable income excludes the taxed element of certain superannuation lump sums you received during 2010–11 while you were between 55 and 59 years old (see **Reduced taxable income to take account of certain superannuation lump sums** on page 88).

WHERE DO YOU FIT?

Your circumstance	What to do
Your taxable income is equal to or less than your lower 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 is greater than your lower threshold amount and less than or equal to your upper threshold amount.	You pay only part of the Medicare levy. We will work it out. Go to part B to see if you qualify for an exemption.
Your taxable income is over your upper threshold amount, and you are single with no dependants.	You do not qualify for a reduction. Go to part B to see if you qualify for an exemption.
Your taxable income is over your upper threshold amount but you: <ul style="list-style-type: none">■ had a spouse (married or de facto)■ had a spouse that died during the year, and you did not have another spouse before the end of the year■ are entitled to a child-housekeeper or housekeeper tax offset at item T1, or■ were a sole parent at any time during 2010–11 and you had sole care (see definition on next page) of one or more dependent children.	You may be eligible for a Medicare levy reduction based on family taxable income. <ul style="list-style-type: none">■ First work out your Family taxable income using worksheet 1 on the next page.■ Then use worksheet 2 on page 85 to work out your family taxable income limit.

Definition of sole care

'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 that a spouse normally provides.

Situations where special circumstances may arise include:

- You were married at any time during 2010–11 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 not sure whether special circumstances apply, phone **13 28 61**.

Working out your number of dependent children

A dependent child is any child who was an Australian resident whom you maintained in 2010–11, and was:

- under 21 years old, or
- 21 to 24 years old, who was receiving full-time education at a school, college or university and whose adjusted taxable income (ATI, see pages 55–7) was less than \$282 plus \$28.92 for each week you maintained them.

If you had a spouse on 30 June 2011 or your spouse died during 2010–11 and you did not have another spouse before the end of the year, count all your dependent children.

If you were single or separated on 30 June 2011, count only the number of dependent children for whom you received the family tax benefit (FTB) during all or part of 2010–11. Count them even if you received only the rental assistance component of FTB Part A and you shared the care of the dependent child.

Write the number of dependent children you had during 2010–11 at (g) in **worksheet 2** on the next page.

Family taxable income

Family taxable income is the combined taxable incomes of you and your spouse (including a spouse who died during the year), or your taxable income if you were a sole parent.

WORKSHEET 1**Family taxable income**

Your taxable income from **TAXABLE INCOME OR LOSS** on page 3 of your tax return \$ (a)

Your spouse's taxable income from **TAXABLE INCOME OR LOSS** on page 3 of their tax return (if applicable) \$ (b)

Add (a) and (b). \$ (c)

Any relevant amounts of superannuation lump sums that you or your spouse received (see the fourth paragraph under **Answering this question** on the previous page) \$ (d)

Take (d) away from (c). This is your **family taxable income**. \$ (e)

Working out your family taxable income limit

Your Medicare levy is reduced if your family taxable income is equal to or less than the following limits.

WORKSHEET 2	
Family taxable income limit	
Basic family taxable income limit (print X in the applicable box below)	
If you were eligible for the senior Australians tax offset	<input type="checkbox"/> \$52,352
All other taxpayers	<input type="checkbox"/> \$37,398* (f)
Number of dependent children (if applicable)	<input type="text"/> (g)
Multiply (g) by \$3,434.*	\$ <input type="text"/> (h)
Family taxable income limit Add the appropriate amount from (f) to the amount at (h).	\$ <input type="text"/> (i)

* At the time of printing *TaxPack 2011* this amount had not become law.

Is your family taxable income at (e) in worksheet 1 equal to or less than your family taxable income limit at (i) in worksheet 2?

YES ☐ You are entitled to a reduction. Go to step 1 below.

NO ☐ You do not qualify for a reduction. Go to part B in the next column to see if you qualify for an exemption.

COMPLETING YOUR TAX RETURN – MEDICARE LEVY REDUCTION

Step 1

If you had a spouse on 30 June 2011, or your spouse died during the year and you did not have another spouse before the end of the year, write your spouse's taxable income at **O Spouse's 2010–11 taxable income**, in **SPOUSE DETAILS** on page 9 of your tax return. If your spouse had no taxable income, write **0**.

Step 2

Write the number of your dependent children [from (g) in **worksheet 2**] at **Y item M1** on page 6 of your tax return. If you had none, write **0**.

We work out the reduction for you, based on your spouse details and number of dependent children.

Read on to see if a Medicare levy exemption applies to you for all or part of 2010–11.

Part B – Medicare levy exemption

ANSWERING THIS QUESTION

You may qualify for an exemption from paying the Medicare levy if you were in any of the following three exemption categories at any time in 2010–11. These categories are:

- medical
- foreign residents and residents of Norfolk Island
- not entitled to Medicare benefits.

If you do not fit into one of the exemption categories, leave **V** and **W** item **M1** blank and go to question **M2**.

For the Medicare levy exemption (but not the reduction), **dependant** means an Australian resident you maintained who was:

- your spouse
- your child under 21 years old, or
- your child, 21 to 24 years old, who was receiving full-time education at a school, college or university and whose adjusted taxable income (ATI, see pages 55–7) for the period you maintained the child was less than the total of \$282 plus \$28.92 for each week you maintained them.

See **What is maintaining a dependant?** and **What is adjusted taxable income?** on pages 55–7.

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 an equal dependant of each parent (irrespective of the number of days the child was in each parent's care). However, where a parent receives FTB Part A for the child, including receiving only the rental assistance component, the child is a dependant of that parent for the number of days the child was in their care.

Category 1: Medical

You are in this exemption category and can claim a full or half exemption if:

- **one** of the following applied during all or part of 2010–11:
 - you were a **blind pensioner**
 - you received **sickness allowance** from Centrelink

M1 Medicare levy reduction or exemption

- 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,

and

- during the period you met that condition, you also met **one** of the following conditions.

Condition	Exemption that applies
You had no dependants.	Full
Each of your dependants (including your spouse if you had one) either: <ul style="list-style-type: none"> ■ was in one of the exemption categories, or ■ had to pay the Medicare levy. 	Full
You had dependent children who were not in an exemption category but who were also dependants of your spouse, and your spouse either: <ul style="list-style-type: none"> ■ had to pay the Medicare levy, or ■ met at least one of the category 1 medical conditions and you have completed a family agreement (see the next column) stating that your spouse will pay the half levy for your joint dependants. 	Full
You had at least one dependant (for example, a spouse) who: <ul style="list-style-type: none"> ■ was not in an exemption category, and ■ did not have to pay the Medicare levy (for example, because their taxable income was below the lower Medicare levy threshold, (see table 1). 	Half

Condition	Exemption that applies
<p>You were single or separated and you:</p> <ul style="list-style-type: none"> ■ had a dependent child who was not in a Medicare levy exemption category, and ■ were entitled to FTB Part A or the rental assistance component of FTB Part A for that child, and ■ were in a shared-care arrangement. <p>Then exemption from the Medicare levy is on the following basis:</p> <ul style="list-style-type: none"> ■ For the days that you had care of your dependent child ■ For the days that you did not have care of your dependent child 	<p>Half</p> <p>Full</p>
<p>You had a spouse who met at least one of the category 1 medical conditions and you had a dependent child who:</p> <ul style="list-style-type: none"> ■ was not in an exemption category, and ■ was dependent on both of you. <p>In this case, either you or your spouse can claim a full exemption and the other can claim a half exemption by completing a family agreement (see below).</p>	Full or Half

If you were in this exemption category, go to step 1 on the next page.

Family agreements

You complete a **family agreement** only if both you and your spouse would have to pay the Medicare levy were it not for your exemption category status. You do not need to send this agreement to us. Keep it with your records.

FAMILY AGREEMENT

We agree that the Medicare levy exemption in respect of our dependants for the 2010–11 year will be claimed as follows.

Name of person claiming the **full** exemption

Name of person claiming the **half** exemption

Your
signature

Your
spouse's
signature

Category 2: Foreign residents and residents of Norfolk Island

If you were a foreign resident or a resident of Norfolk Island for the full year, you can claim a full exemption for the year (365 days).

If you were a foreign resident or a resident of Norfolk Island for only part of the year, you can claim a full exemption for that period if:

- you did not have any dependants for that period, **or**
- all your dependants were in an exemption category for that period.

If you were in this exemption category, go to step 1 in the next column.

Category 3: Not entitled to Medicare benefits

You can claim a **full** exemption for any period for which you have a **certificate** from the Medicare Levy Exemption Certification Unit of Medicare Australia showing you were not entitled to Medicare benefits because you were a temporary resident for Medicare purposes and either:

- you did not have any dependants for that period, **or**
- all your dependants were in an exemption category for that period.

A letter from Medicare is not sufficient. For more information on how to apply for an exemption certificate as a temporary resident, contact Medicare Australia on **1300 300 271** or visit their website at **www.medicareaustralia.gov.au**

You also qualify for a full exemption under this category if:

- 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, and either
 - you did not have any dependants for that period, or
 - all your dependants were in an exemption category for that period.

If you were in this exemption category, go to step 1 below.

If you were not in any of the above exemption categories

Leave **V** and **W** item **M1** blank. You have finished this question. Go to question **M2**.

COMPLETING YOUR TAX RETURN – MEDICARE LEVY EXEMPTION**Step 1**

Use the information in the categories above to work out whether you qualify for a full exemption or a half exemption and to determine how many dependent children you had during the year.

Step 2

Work out the number of days for which you can claim a full exemption and the number of days for which you can claim a half exemption.

The maximum total number of days you can claim is 365. If you have overlapping qualifying periods, count the days in those overlapping periods only once. If a full exemption period overlaps a part exemption period, count the overlapping days as a full exemption period.

Step 3

Write the number of days you were covered for a full exemption at **V** item **M1**.

Write the number of days you were covered for a half exemption at **W** item **M1**.

If you were a temporary resident for Medicare purposes and have a certificate from the Medicare Levy Exemption Certification Unit of Medicare Australia (see category 3) print **C** in the **CLAIM TYPE** box. If you do not fall within this category leave the **CLAIM TYPE** box blank.

We will work out your exemption entitlement.

Step 4

If you had a spouse at any time in 2010–11, you must complete **Spouse details – married or de facto** on pages 9–11 of your tax return.

TAX TIPS

If you would like to work out the amount of Medicare levy you have to pay, go to www.ato.gov.au/calculators and use the Medicare levy calculator (under 'Medical').

Reduced taxable income to take account of certain superannuation lump sums

For Medicare levy purposes, your taxable income excludes the taxed element of a superannuation lump sum, other than a death benefit, that you received when you were 55 to 59 years old that does not exceed your low-rate cap for 2010–11. For 2010–11, the low-rate cap is \$160,000, but it could be less if you received superannuation lump sums in previous years (see **table 1** on page 118 and the definition of low-rate cap on page 125 for more information).

Example

Bill received superannuation lump sums of \$100,000 in 2009–10 and \$80,000 in 2010–11 both of which consisted entirely of a taxed element. He was between 55 to 59 years old when he received both payments.

His low-rate cap is now only \$60,000, which is \$160,000 less the \$100,000 he received in 2009–10.

Bill subtracts the \$60,000 of his low-rate cap from his 2010–11 taxable income.

Bill's 2010–11 taxable income for Medicare levy purposes includes \$20,000, being the amount by which the superannuation lump sum he received exceeded his low-rate cap (that is, \$80,000 less \$60,000).

THIS QUESTION IS COMPULSORY.

The Medicare levy surcharge (MLS) is in addition to the Medicare levy. The MLS rate is 1% of:

- your taxable income
- your total reportable fringe benefits, and
- any amount on which family trust distribution tax has been paid.

You may have to pay the MLS if you or your **dependants** (including your spouse, even if they had their own income) did not have an **appropriate level of private patient hospital cover** for the whole of 2010–11 and your **income for MLS purposes** was above a certain amount.

Appropriate level of private patient hospital cover

An appropriate level of private patient hospital cover is cover provided by a registered health insurer for hospital treatment in Australia which has an excess of:

- \$500 or less (for a policy covering only one person), or
- \$1,000 or less (for all other policies).

Excess is the amount you pay before your health insurer pays for any claim you make.

General cover (formerly called ancillary cover) or 'extras' is not private patient hospital cover because it covers only items such as optical, dental, physiotherapy or chiropractic treatment.

If you have health cover but are not sure whether it is at the appropriate level, your registered health insurer can tell you.

If you have overseas visitors health cover, check with your provider to make sure that your policy is one which has an appropriate level of private patient hospital cover for MLS purposes.

Income for MLS purposes

Your income for MLS purposes is your taxable income plus the following if they apply to you:

- reportable fringe benefits (shown on your payment summary)
- reportable superannuation contributions (which is the sum of both your reportable employer superannuation contributions and your deductible personal superannuation contributions)
- your net investment loss (which is the amount by which your financial investment deductions exceeded your financial investment income, plus the amount by which your rental property deductions exceeded your rental property income)

- the amount on which family trust distribution tax has been paid
- exempt foreign employment income (if your taxable income is \$1 or more).

If you were 55 to 59 years old this amount is then reduced by the taxed element amount of superannuation lump sums, other than a death benefit, received during 2010–11 that do not exceed your low rate cap (see **Superannuation lump sums and income for MLS purposes** on page 94).

Dependants

For this question, a dependant, regardless of their income, includes:

- your spouse, even if they worked during 2010–11 or had their own income
- your children under 21 years old
- your children who are 21 years old or older and under 25 years old who are full-time students.

Dependents must have been Australian residents and you must have contributed to their maintenance. See **What is maintaining a dependant** at page 55.

Your 'spouse' includes another person (whether of the same sex or opposite sex) who:

- you were in a relationship with that was registered under a prescribed state or territory law
- although not legally married to you, lived with you on a genuine domestic basis in a relationship as a couple.

The definition of child includes children of people who are in same-sex relationships. See the definition of child on page 123.

If you had private patient hospital cover during 2010–11, you will need a statement from your health insurer showing the number of days you and your dependants were covered by an appropriate level of health cover. If you do not have this statement, contact your health insurer.

Were you and all your dependants, including your spouse, covered by an appropriate level of private patient hospital cover for the whole of 2010–11?

YES ☐ Go to **step 5** on page 93.

NO ☐ Read on.

ANSWERING THIS QUESTION

If you do not have an appropriate level of private patient hospital cover, you may be liable for MLS. Whether or not you are liable to pay MLS depends on:

- your income for MLS purposes and
- your **combined income** for **MLS** purposes, if you had a spouse for the whole of 2010–11 or if your spouse died in 2010–11.

Complete **worksheet 1** to work out your and your spouse's income (if relevant) for MLS purposes

If you had exempt foreign employment income, and your taxable income is \$1 or more, add your exempt foreign income to your taxable income, and write the total at (a) in **worksheet 1**. The same applies for your spouse.

If you were 55 to 59 years old, write at (k) the taxed element amount of superannuation lump sums, other than a death benefit, you received during 2010–11 that do not exceed your low rate cap. The same applies for your spouse. (See **Superannuation lump sums and income for MLS purposes** on page 94.)

If you did not have a spouse, go to **Medicare levy surcharge exemption** on the next page after you have completed **worksheet 1**.

If your spouse was under a legal disability, write at (h) in the spouse column your spouse's net income from a trust for which the trustee was liable to pay tax. Examples of a legal disability include: being a bankrupt, being declared legally incapable because of a mental condition or being under 18 years old on 30 June 2011. Do not include any amount that has already been included in your spouse's taxable income at (a).

Write at (c) the total amount of distributions to you or your spouse:

- on which family trust distribution tax has been paid, and
- which you or your spouse would have had to show as assessable income if the tax had not been paid.

WORKSHEET 1

Working out income for MLS purposes

	You		Spouse	
Taxable income (from TAXABLE INCOME OR LOSS on page 4 of the tax return)	\$ <input type="text"/>	(a)	\$ <input type="text"/>	(a)
Total reportable fringe benefits amount (from W item IT1 on page 8 of the tax return)	\$ <input type="text"/>	(b)	\$ <input type="text"/>	(b)
Amount on which family trust distribution tax has been paid (from X item A4 on page 16 of the supplementary section of your or your spouse's tax return)	\$ <input type="text"/>	(c)	\$ <input type="text"/>	(c)
Net financial investment loss (from X item IT5 on page 8 of the tax return)	\$ <input type="text"/>	(d)	\$ <input type="text"/>	(d)
Net rental property loss (from Y item IT6 on page 8 of the tax return)	\$ <input type="text"/>	(e)	\$ <input type="text"/>	(e)
Reportable employer superannuation contributions (from T item IT2 on page 8 of the tax return)	\$ <input type="text"/>	(f)	\$ <input type="text"/>	(f)
Deductible personal superannuation contributions (from H item D12 on page 15 of the supplementary section of the tax return)	\$ <input type="text"/>	(g)	\$ <input type="text"/>	(g)
Your spouse's share of the net income of a trust on which the trustee must pay tax (from T Spouse details on page 10 of the return)			\$ <input type="text"/>	(h)

Add the amounts from (a) to (h) in each column.	\$ <input style="width: 100px;" type="text"/> (j)	\$ <input style="width: 100px;" type="text"/> (j)
If you or your spouse were 55 to 59 years old, write here the taxed element amount of superannuation lump sums, other than a death benefit, received during 2010–11 that do not exceed your or your spouse's low rate cap (see Superannuation lump sums and income for MLS purposes on page 94).	\$ <input style="width: 100px;" type="text"/> (k)	\$ <input style="width: 100px;" type="text"/> (k)
Take (k) away from (j). This is each individual's income for MLS purposes.	\$ <input style="width: 100px;" type="text"/> (l)	\$ <input style="width: 100px;" type="text"/> (l)
Add the amount from (l) in your column to the amount from (l) in your spouse's column.	\$ <input style="width: 100px;" type="text"/> (n)	
Your income for MLS purposes when you are single is the amount at (l) in your column. Your combined income for MLS purposes, is the amount at (n).		

Medicare levy surcharge exemption

If you fit in one of the following categories, you are exempt from MLS for the whole of 2010–11.

TABLE 1

Exemption categories

Your income for MLS purposes was **\$77,000 or less**, and for the whole of 2010–11, you were single without a dependent child.

Your income for MLS purposes was **\$154,000 or less**, and:

- for part of 2010–11 you were single
- your spouse did not die during the year, and
- for the whole of the year you did not have a dependent child.

You were single with a dependent child and your income for MLS purposes was **\$154,000 or less** (plus \$1,500 for each dependent child after the first).

You had a spouse (with or without dependent children), and your combined income for MLS purposes was **\$154,000 or less** (plus \$1,500 for each dependent child after the first).

In working out whether your income exceeds an MLS income threshold, if your spouse died in 2010–11 and you did not have another spouse before the end of the year, you are treated as having had a spouse for the whole of 2010–11.

You and all your dependants (including your spouse, if any) were in a Medicare levy exemption category for the whole of 2010–11 (see question **M1**).

The combined income of you and your spouse for MLS purposes was above the limit, but your own income for MLS purposes was **\$18,839 or less**.

Your spouse shows a foreign lump sum payment on the supplementary section of their tax return.

If you are liable for MLS only because your spouse has shown a lump sum payment in arrears at item **20 Foreign source income and foreign assets or property** or item **24 Other income** on the supplementary section of their tax return, you may be entitled to a tax offset up to the amount of MLS you have to pay. We will calculate the tax offset for you.

You will need to provide additional information. Print SCHEDULE OF ADDITIONAL INFORMATION – ITEM M2 on the top of a separate piece of paper. Print your name, address, tax file number and the name and address of your spouse. Explain that your spouse received a lump sum payment in arrears. Attach your schedule to page 3 of your tax return. Print **X** in the **YES** box at *Taxpayer's declaration* question **2a** on page 12 of your tax return.

What if your circumstances changed during the year?

If you had a new spouse or you separated from your spouse, or you became or ceased to be a sole parent, both the single and the family surcharge thresholds may apply to you for different periods.

You need to work out whether you were liable for MLS for any period during 2010–11 that you:

- were single (that is, you had no spouse or dependent children) so you can apply the single surcharge threshold of \$77,000 to your income for MLS purposes
- had a spouse or any dependent children, so you can apply the family surcharge threshold of \$154,000, plus \$1,500 for each dependent child after the first, to your income for MLS purposes.

If your spouse died during 2010–11 and you did not have another spouse before the end of the year, you are treated as if you had a spouse for the remainder of 2010–11 and you apply the family surcharge threshold of \$154,000, plus \$1,500 for each dependent child after the first.

If your income for MLS purposes (or if you have a spouse, your combined income for MLS purposes) was above the relevant surcharge threshold that applies to you, and you and all of your dependents (including your spouse, if any) did not have an appropriate level of private patient hospital cover, or were not in a Medicare exemption category for the whole year, then you may be liable for MLS.

To help you work out whether you were liable for MLS for the different periods, see the example below.

Example 1: Spouse for part of the year

Michael and Michelle lived together as a couple on a genuine domestic basis for seven years, but on 12 October 2010 they separated and each stayed single. They did not have private patient hospital cover at any time during 2010–11.

Michelle and Michael had no dependent children, but they were dependants of each other for MLS purposes until they separated.

Michael's income for MLS purposes was \$69,000 and Michelle's was \$90,000. In previous years they had used their **combined** income to assess their MLS liability. They now have to use their **individual** income for MLS purposes.

Michael and Michelle are considered to be a family for the period 1 July to 12 October 2010 (104 days), so the family MLS threshold of \$154,000 applies to **each of them** for that period. This means:

- Michelle is not liable for MLS for this period because her \$90,000 income for MLS purposes was less than \$154,000
- Michael is not liable for MLS for this period because his \$69,000 income for MLS purposes was less than \$154,000.

Michael and Michelle were single for the period 13 October 2010 to 30 June 2011, so the single person MLS threshold of \$77,000 applies for that period:

- Michelle is **liable** to pay MLS for this period because her \$90,000 income for MLS purposes exceeded \$77,000
- Michael is **not liable** for MLS for this period because his \$69,000 income for MLS purposes was less than \$77,000.

Michelle and Michael complete their tax returns at **A** item **M2** by writing the number of **days that they were not liable for MLS** in 2010–11:

- Michelle writes **104**, the number of days in the first period when she was not liable for MLS
- Michael writes **365** because he was not liable for MLS in 2010–11.

Single person covered for part of the year

If you were single and took out private patient hospital cover during the year use the following example to help you work out how many days you are liable to pay MLS.

Example 2: Part-year private patient hospital cover

In 2010–11 Jacinta was not married and had no dependants. She had income for MLS purposes of \$86,000. She was not in a Medicare levy exemption category at any time during the year.

Jacinta took out private patient hospital cover on 15 January 2011. Because Jacinta's income for MLS purposes was above the single person surcharge threshold of \$77,000 and she did not have private patient hospital cover for the full year she will have to pay MLS for the part of the year that she did not have private patient hospital cover.

Jacinta will **not** have to pay MLS for the time she had private patient hospital cover, that is, 15 January 2011 to 30 June 2011 (167 days).

Jacinta will write the number of days in 2010–11 that she is **not** liable for MLS (**167**) at **A** item **M2** on her tax return and complete **Private health insurance policy details** on page 6 of her tax return.

Family covered for part of the year

If some members of your family were covered by private patient hospital cover for the whole year and other members of your family had cover for only part of the year, use the following example to help you work out how many days you are liable to pay MLS.

Example 3: Part-year liability

Jill and Kevin have been married for a number of years. They have three dependent children. Jill, Kevin and their children were not in a Medicare levy exemption category at any time during the year. Jill and the children were covered by private patient hospital cover for the full income year. Kevin had his name added to the policy on 10 January 2011.

Jill and Kevin had a combined income for MLS purposes of \$161,000. The family surcharge threshold for Jill and Kevin is \$157,000 (that is, \$154,000 plus twice \$1,500). Because not everyone was covered for the period 1 July 2010 to 9 January 2011 and their combined income for MLS purposes exceeds the family surcharge threshold, Jill and Kevin are **both liable** for MLS for this period (193 days). Jill and Kevin would both write the number of days that they were **not** liable for MLS (**172**) at **A** item **M2** on their tax returns and complete **Private health insurance policy details** on page 6 of their tax returns.

COMPLETING YOUR TAX RETURN

Step 1

If you or any of your dependants (including your spouse) did not have private patient hospital cover or only had cover for part of the year, print **X** in the **NO** box at the right of **E** item **M2**.

Step 2

If you were in an exemption category (see **table 1** on page 91) for the whole of 2010–11, print **X** in the **YES** box to the left of 'You do not have to pay the surcharge,' and write **365** at **A** item **M2**. You have now finished this question. Go to question **A1**.

If you were not in an exemption category, print **X** in the **NO** box to the left of 'You may have to pay the surcharge.'

Write at **A** item **M2** the number of **days for which you do not have to pay MLS**.

If you do **not** have to pay MLS for any days during the period 1 July 2010 to 30 June 2011, write **365** at **A** item **M2**.

If you have to pay MLS for:

- the whole period 1 July 2010 to 30 June 2011, write **0** at **A** item **M2**
- part of the period 1 July 2010 to 30 June 2011, write at **A** item **M2** the number of **days for which you do not have to pay MLS**.

Write the number of dependent children you had during 2010–11 at **D** item **M2**.

Step 3

If you printed **X** in the **NO** box (because you were not covered by private patient hospital cover for the full year and were not in an exemption category), see pages 101–6 and where applicable, complete income test items **IT1**, **IT2**, **IT5** and **IT6**.

Step 4

If you had a spouse during 2010–11 and you or any of your dependants (including your spouse) were not covered by private patient hospital cover for the full year, complete **Spouse details – married or de facto** on pages 9–11 of your tax return.

If your spouse's income for MLS purposes included a superannuation lump sum that was shown at (k) in **worksheet 1**, write that amount at **F** under **Spouse details – married or de facto**.

Step 5

If you had private patient hospital cover for any part of the year, you must complete **Private health insurance policy details**. See page 82.

Step 6

If you and all your dependants (including your spouse) had an appropriate level of private patient hospital cover for the whole of 2010–11, print **X** in the **YES** box at the right of **E** item **M2**. Make sure you also complete your **Private health insurance policy details**; see page 82. You have now finished this question. Go to question **A1**.

TAX TIPS

If you would like to work out the amount of Medicare levy surcharge you have to pay, go to **www.ato.gov.au/calculators** and use the Medicare levy calculator (under 'Medical').

Superannuation lump sums and income for MLS purposes for worksheet 1 (step k)

Your income and your combined income for MLS purposes include the taxed element of a superannuation lump sum, other than a death benefit, that you received when you were 55 to 59 years old that does not exceed your low-rate cap amount for 2010–11. For 2010–11 the low-rate cap amount is \$160,000, but it could be less for you if you had received certain superannuation lump sums in previous years (see **table 1** on page 118 and the definition of **low-rate cap** on page 125 for more information).

Example

Bill received a superannuation lump sum of \$100,000 in 2009–10 and \$80,000 in 2010–11, both of which consisted entirely of a taxed element. He was between 55 and 59 years old when he received both payments. Bill's wife Mary received a superannuation lump sum of \$50,000 that consisted entirely of a taxed element in 2010–11 when she was 56 years old.

Bill's low rate cap for 2010–11 is \$60,000 because his low-rate cap was reduced by \$100,000 in 2009–10. Therefore, the amount he received in excess of his low-rate cap (that is, \$20,000) cannot be taken into account at steps (k) & (l) in **worksheet 1**. To work out his income for MLS purposes using **worksheet 1**, Bill subtracts \$60,000 from the amount worked out at step (j) in that worksheet.

To work out his combined income for MLS purposes (using **worksheet 1**, spouse column), Bill subtracts Mary's \$50,000 superannuation lump sum from the amount worked out at step (j) in the spouse column.

If you were under 18 years old on 30 June 2011, you must complete this item or you may be taxed at a higher rate than necessary.

Were you under 18 years old on 30 June 2011?

NO ☐ Go to question **A2**.

YES ☐ Read below.

ANSWERING THIS QUESTION

To complete this item on your tax return you must determine whether one of the following categories applied to you on **30 June 2011**.

- You:
 - were working full time or had worked full time for three months or more in 2010–11 (ignoring full-time work that was followed by full-time study), **and**
 - intended to work full time for most or all of 2011–12 and not study full time in 2011–12.
- 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 a permanent mental or physical disability, and you received little or no financial support from your relatives.

COMPLETING YOUR TAX RETURN

Step 1

If you were in any of the above categories on 30 June 2011, all your income will be taxed at normal rates. Write **0** at **J** item **A1**. Then print the code letter **A** in the **TYPE** box at the right of **J**. You have now finished this question. Go to question **A2**.

Otherwise, read on.

Step 2

Add up any of the following income amounts which you have shown on your tax return:

- employment income
- taxable pensions or payments from Centrelink or the Department of Veterans' Affairs
- a compensation, superannuation or pension fund benefit
- income from a deceased person's estate
- income from property transferred to you as a result of another's death or family breakdown, or to satisfy a claim for damages for an injury you suffered
- income from your own business
- income from a partnership in which you were an active partner
- net capital gains from the disposal of any of the property or investments referred to above
- income from investment of amounts referred to above.

Step 3

Add up all your deductions that relate to the income from step 2 (see the **Deductions** section on pages 27–49). Take away the total of those deductions from the total income you worked out at step 2.

Step 4

Write the amount from step 3 at **J** item **A1**. This amount is taxed at normal rates. If you do not have any of the income listed at step 2 or the amount from step 3 is nil, write **0** at **J** item **A1**.

Step 5

Print the code letter **M** in the **TYPE** box at the right of **J** item **A1**.

TAX TIPS

If you received a distribution from a trust, read question **13 Partnerships and trusts** on pages s2–7 in *TaxPack 2011 supplement*.

A2 Adjustments

Part-year tax-free threshold

If you were not an Australian resident for the whole 2010–11 year, we use the information you show at this item on your tax return to work out your tax-free threshold.

If you are not sure whether you are an Australian resident, read **Are you an Australian resident?** on page 4.

In 2010–11 did you:

- **become an Australian resident, or**
- **stop being an Australian resident?**

NO ☐ Go to **A3 Super co-contributions** on the next page.

YES ☐ Read below.

COMPLETING YOUR TAX RETURN

If you became an Australian resident in 2010–11

Step 1

Write the date you became an Australian resident for tax purposes in the **Date** box at item **A2**.

Step 2

Write the number of months that you were an Australian resident in 2010–11 (counting the first month during which you became a resident) at **N** item **A2**. For example, if you became a resident in November 2010 and remained a resident for the rest of the income year, you would write **8**.

If you stopped being an Australian resident in 2010–11

Step 1

Write the date you stopped being an Australian resident for tax purposes in the **Date** box at item **A2**.

Step 2

Write the number of months from 1 July 2010 to when you stopped being an Australian resident (counting the month in which you stopped being a resident) at **N** item **A2**. For example, if you stopped being a resident in September 2010, you would write **3**.

You need to answer this question if:

- you made an eligible personal super contribution (for which you are not claiming a deduction) to a complying super fund or retirement savings account
- you were under 71 years old on 30 June 2011, and
- your taxable income for 2010–11 was less than \$61,920.

Did all these apply to you?

- NO** ☐ You are not entitled to a super co-contribution. Go to question **Income tests** on page 101.
- YES** ☐ Read below.

ANSWERING THIS QUESTION

Did you use the tax return (supplementary section) and show any of the following?

- Deposits or withdrawals from the farm management deposits scheme at item **17**
- Foreign entity income at item **19**
- Bonuses from life insurance companies or friendly societies at item **22**
- Forestry managed investment scheme income at item **23** or deductions at item **D15**
- Other income at item **24**

YES ☐ You need to use the *Super co-contributions workbook 2011* (NAT 73495) to answer this question. You can get a copy from our website or by phoning **13 10 20**.

NO ☐ Read below.

COMPLETING YOUR TAX RETURN

Joint income group

You were in a 'joint income group' if you owned income-producing assets with another person or persons. For example:

- you were in one joint income group if you and your parents had a joint bank account, and
- you were in another joint income group if you and your spouse co-owned rental properties.

F Income from investment, partnership and other sources

Do any of the following apply to you?

- You were in a joint income group and you have deductions for the following joint income
 - interest you showed at item **10**
 - dividends you showed at item **11**
 - distributions from trusts you showed at **L** or **U** item **13** on your tax return (supplementary section)
 - foreign source income you showed at **E** or **F** item **20** on your tax return (supplementary section)

- rental income you showed at **P** item **21** on your tax return (supplementary section).
- You showed a capital gain from trust distributions at **H** item **18** on your tax return (supplementary section).
- You showed income from a partnership at item **13** on your tax return (supplementary section).

NO ☐ Go to **G Income from employment or business** on page 99.

YES ☐ Work through steps 1, 2 and 3.

Step 1

Complete **worksheet 1**.

WORKSHEET 1

Interest and dividend income

Amount from **L** item **10** on page 3 of your tax return \$ (a)

Amount from **S** item **11** on page 3 of your tax return \$ (b)

Amount from **T** item **11** on page 3 of your tax return \$ (c)

Amount from **U** item **11** on page 3 of your tax return \$ (d)

Trust distributions

Amount from **L** item **13** on page 13 of your tax return (supplementary section) \$ (e)

Amount from **U** item **13** on page 13 of your tax return (supplementary section) \$ (f)

Foreign source income	
Amount from E item 20 on page 14 of your tax return (supplementary section)	\$ <input type="text"/> (g)
Amount from F item 20 on page 14 of your tax return (supplementary section)	\$ <input type="text"/> (h)
Rental income	
Amount from P item 21 on page 15 of your tax return (supplementary section)	\$ <input type="text"/> (j)
Add all amounts above, from (a) to (j).	\$ <input type="text"/> (k)

Transfer the amount at (k) to (q) in **worksheet 3**.

Step 2

Were you in a joint income group?

NO ☐ Go to step 3 and write **0** at (r) in **worksheet 3**.

YES ☐ Complete **worksheet 2** and read example 1 to help you. You need to complete both **worksheets 2** and **3** to work out what to write at **F** item **A3**.

Worksheet 2

For every joint income group you were involved in:

- write your share of income in column (l)
- write your share of deductions in column (m)
- write the lesser amount from columns (l) and (m) in column (n).

If you showed partnership distributions at item **13**, do not include them in **worksheet 2**.

Example 1

Sally is in two joint income groups, one with David and another with Dawn.

Sally and David jointly own an investment property and have a joint bank account. Sally's share of:

- rental income is \$10,000
- rental deductions is \$15,000
- bank interest is \$100
- bank interest deductions is \$0 as there are no bank fees.

Sally also jointly owns a shares portfolio with Dawn. Her share of:

- dividend income is \$4,000
- deductions is \$0.

Sally writes \$10,100 at (n) for the joint income group with David and she writes \$0 at (n) for the joint income group with Dawn.

Sally adds the two amounts in column (n) and transfers the total to (r) in **worksheet 3**.

WORKSHEET 2			
Joint income group	Income (l)	Deductions (m)	Lesser amount (n)
Sally with David	\$10,100	\$15,000	\$10,100
Sally with Dawn	\$4,000	\$0	\$0
1.	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>
2.	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>
3.	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>
4.	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>
Add your lesser amounts.			\$ <input type="text"/> (p)

Transfer the amount at (p) to (r) in **worksheet 3**.

Step 3

Work through **worksheet 3** to work out what to write at **F** item **A3**.

At (t) show the total of all distributions of income from partnerships that you took into account in calculating the total amount shown at **N** or **O** item **13** on page 13 of your tax return (supplementary section). Do not include your share of any partnership loss you took into account at **N** or **O** item **13**.

WORKSHEET 3	
Amount from (k) in worksheet 1	\$ <input type="text"/> (q)
Amount from (p) in worksheet 2	\$ <input type="text"/> (r)
Take (r) away from (q).	\$ <input type="text"/> (s)
Distributions of income (as defined at step 3)	\$ <input type="text"/> (t)
That part of a trust distribution that you exclude from L or U item 13 because it is a capital gain (supplementary section).	\$ <input type="text"/> (u)
Add (s), (t) and (u).	\$ <input type="text"/> (v)

Transfer the amount at (v) to **F** item **A3** on page 7 of your tax return. If (v) is **0**, print **C** in the **CODE** box at **F**.

G Income from employment or business

Our systems automatically treat some amounts as employment income you earned in 2010–11 or business income. If the total of these amounts is not the same as your actual 2010–11 employment income or business income (for example, because you show an employer lump sum payment you received for employment that finished in 2009–10), you need to make an adjustment by writing an amount at **G**.

In answering this question, income from employment includes income you earn as a company director or under a contract wholly or principally for your labour. For more information about employment income refer to *Co-contributions super workbook 2011* (NAT 73495). You can obtain a copy from our website or by phoning **13 10 20**.

Parental leave pay you received during 2010–11 is income from employment unless your employment ceased and you continued to receive parental leave pay. If this applies to you, include at (x) on the next page only the amount of parental leave pay that you received after your employment ceased.

Do you show any 2010–11 employment income or business income on your tax return other than at any of the following items?

- **1, 2, 3, 4** (other than death benefits), **B** at item **12**, **IT1** or **IT2** of your tax return
- **P1** or **P8** on your *Business and professional items schedule for individuals 2011*

YES ☐ Go to step 4.

NO ☐ Read below.

Did you receive a share of income from a partnership carrying on a business in which you were a partner? Ignore partnership losses and distributions from trusts that carry on a business.

YES ☐ Go to step 4.

NO ☐ Read below.

Did you have income that is not from your employment in 2010–11 or from a business you carried on, which you show at any of the following items?

- **1, 2, 3, 4** (other than death benefits), **B** at item **12**, **IT1** or **IT2** of your tax return
- **P1** or **P8** on your *Business and professional items schedule for individuals 2011*

NO ☐ Go to **H Deductions from business income**.

YES ☐ Go to step 4.

Step 4

Work through **worksheet 4** on the next page to work out what to write at **G** item **A3**.

A3 Super co-contribution

At (w) show the total employment income from 2010–11 or business income that you do not show:

- at items **1, 2, 3, 4** (other than death benefits), **B** at item **12**, **IT1** or **IT2**, or
- as income on your *Business and professional items schedule for individuals 2011*.

Include at (w) your share of distributions of business income from all partnerships in which you are a partner. Do not include any partnership losses you took into account at **N** or **O** item **13**.

Do not include at (w) distributions from trusts that carry on a business.

At (x) show the total income that was not from employment in 2010–11 or from business, which you show:

- at items **1, 2, 3, 4** (other than death benefits), **B** at item **12**, **IT1** or **IT2**, or
- as income on your *Business and professional items schedule for individuals 2011*.

Include at (x) income from employment that ceased before 1 July 2010.

WORKSHEET 4

Employment income (as defined above at step 4)	\$ <input type="text"/>	(w)
Income that was not from employment (as defined above at step 4)	\$ <input type="text"/>	(x)
Take (x) away from (w).	\$ <input type="text"/>	(y)

Transfer the amount at (y) to **G** item **A3** on page 7 of your tax return. If the amount at (y) is negative, print **L** in the **CODE** box at **G**.

H Deductions from business income

Do you have business deductions other than those you included in the deduction items at item **P8** on the *Business and professional items schedule for individuals 2011*?

NO ☐ Write **0** at **H** item **A3** on page 7 of your tax return and go to question **IT1**.

YES ☐ Read below.

Examples of deductions that you may include at **H** are:

- the business portion of a distributed partnership loss included in calculating the amount at **N** or **O** at item **13** (as long as the partnership carries on a business)
- deductions at **X** or **Y** at item **13** which relate to the business income portion of a partnership distribution
- personal service income deductions at item **P1** on the *Business and professional item schedule for individuals 2011* which relate to carrying on your business
- deductions you show at **D10** for costs involved in managing your business tax affairs as a sole trader or partnership business.

Step 5

Write the total amount of these deductions at **H** item **A3** on page 7 of your tax return.

Complete items **IT1** to **IT7** if any of the following apply to you.

- You have a payment summary showing a total reportable fringe benefits amount or reportable employer superannuation contributions.
- You received family payments, childcare benefits, or a tax-free pension from Centrelink or the Department of Veterans' Affairs.
- Your child received student payments from Centrelink based on parental income.
- You hold a Commonwealth seniors health card.
- You paid child support.
- You have a Higher Education Loan Program (HELP) or Student Financial Supplement Scheme (SFSS) debt.
- You completed any of the following items on your: *Tax return for individuals 2011*
 - **12 Employee share schemes** where you wrote an amount at **D**
 - **T1 Spouse (without dependent child or student), child-housekeeper or housekeeper** tax offset
 - **T2 Senior Australians** tax offset
 - **T3 Pensioner** tax offset
 - **M2 Medicare levy surcharge** where you printed **X** in the **No** box at **E**
- Tax return for individuals (supplementary section) 2011*
 - **T7 Superannuation contributions on behalf of your spouse** tax offset
 - **T10 Parent, spouse's parent or invalid relative** tax offset

– **T12 Net income from working – supplementary section**

– **T13 Entrepreneurs tax offset**

Business and professional items schedule for individuals 2011

– **P9 Business loss activity details.**

We use income tests to work out whether you:

- can claim certain tax offsets
- can receive some government benefits or concessions
- must pay Medicare levy surcharge or have a HELP or SFSS repayment liability
- must pay tax.

We use the information in this section to:

- apply the income tests and accurately assess the amount of tax you are liable to pay
- determine your entitlement to certain tax offsets, deductions and concessions.

We may also pass this information to other government agencies such as Centrelink which will use the information to ensure you are receiving your full entitlement to government benefits.

Spouse details

If you have a spouse, you must provide similar information about them at **Spouse details – married or de facto**.

More information

For more information on the income tests and how they affect you, go to www.ato.gov.au/incometests

IT1 TOTAL REPORTABLE FRINGE BENEFITS AMOUNTS

This question is about reportable fringe benefits amounts that you received. Do not show an amount less than \$3,738.

Did you receive any reportable fringe benefits amount?

NO ☐ Go to question **IT2**.

YES ☐ Read on.

ANSWERING THIS QUESTION

You will need every *PAYG payment summary – individual non-business* and every *PAYG payment summary – foreign employment* you received that shows reportable fringe benefits amounts.

COMPLETING YOUR TAX RETURN

Step 1

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

If an amount shown on your payment summary is less than \$3,738, do not include it. Check with your employer that the amount is correct.

Step 2

Write the total at **W** item **IT1**. If your total is less than \$3,738, leave **W** blank. Go to question **IT2**.

IT2 REPORTABLE EMPLOYER SUPERANNUATION CONTRIBUTIONS

Did your employer make reportable employer superannuation contributions on your behalf?

NO ☐ Go to question **IT3**.

YES ☐ Read below.

ANSWERING THIS QUESTION

You will need every *PAYG payment summary – individual non-business*, *PAYG payment summary – foreign employment* and *PAYG payment summary – business and personal services income* you received that shows an amount of reportable employer superannuation contributions.

Reportable employer superannuation contributions are additional to the compulsory contributions your employer must make. An example of a reportable employer superannuation contribution is a contribution made on your behalf under a salary sacrifice arrangement. For more information go to **www.ato.gov.au** and enter 'Guide for employees and self employed – Reportable super contributions' in the 'Search for' box at the top of the page.

If your payment summary shows a reportable employer superannuation contributions amount and you did not get your employer to make superannuation contributions in addition to their compulsory superannuation contributions, you should contact your employer before lodging your return to check the payment summary figure is correct.

If your employer has incorrectly calculated the reportable employer superannuation contributions amount – ask them to provide you with a revised payment summary showing the correct amount.

COMPLETING YOUR TAX RETURN**Step 1**

Add up the reportable employer superannuation contributions amounts shown on your payment summaries.

Step 2

Write the total at **T** item **IT2**. Go to question **IT3**.

IT3 TAX-FREE GOVERNMENT PENSIONS OR BENEFITS FOR THE PURPOSES OF THE INCOME TESTS

This question is about certain tax-free government pensions or benefits that you received in 2010–11. See the **Special circumstances and glossary** section for a list of the relevant tax-free government pensions and benefits.

Did you receive a tax-free government pension or benefit that is listed in the Special circumstances and glossary section?

Do not include at this item:

- Australian Government allowances and payments that you have included at item **5**
- Australian Government pensions and allowances that you have included at item **6**
- Australian annuities and superannuation income streams that you have included at item **7**.

If you have read the **Special circumstances and glossary** section and you are still unsure whether your pension or benefit is tax-free, phone **13 28 61**, or contact the agency that paid you.

NO ☐ Go to question **IT4**.

YES ☐ Read below.

ANSWERING THIS QUESTION

Income tax is not paid on certain tax-free government pensions or benefits, however, those pensions or benefits are taken into account when working out your adjusted taxable income. Your adjusted taxable income is an income test we use to work out your eligibility for certain tax offsets and the amount of those offsets.

COMPLETING YOUR TAX RETURN**Step 1**

Add up the amount of tax-free pensions or benefits you received during 2010–11.

Step 2

Write the total at **U** item **IT3**. Go to question **IT4**.

IT4 TARGET FOREIGN INCOME

This question is about target foreign income.

Target foreign income is:

- any income earned, derived or received from sources outside Australia
- a periodical payment by way of gifts or allowances from a source outside Australia
- a periodical benefit by way of gifts or allowances from a source outside Australia provided that the amount has not been
 - included in your taxable income, or
 - received in the form of a fringe benefit.

Types of foreign income you need to show at this item include:

- regular receipts of money and gifts from relatives living overseas which are exempt from Australian tax
- income from foreign business interests and investments, which are exempt from Australian tax, including income received by migrants with business interests in their country of origin
- foreign source income received while you were a temporary resident that is exempt from Australian tax
- the amount of exempt foreign employment income you have shown at **N** item 20.

For more information about income tests and target foreign income, go to **www.ato.gov.au** and enter 'income tests: an overview' in the 'Search for' box at the top of the page. If you are still not sure whether any foreign income you have received is target foreign income, phone **13 28 61**.

Did you receive any target foreign income?

NO ☐ Go to question **IT5**.

YES ☐ Read below.

ANSWERING THIS QUESTION

You will need details of any target foreign income that you received in 2010–11 plus the details of any exempt foreign employment income you included at **N** item 20.

COMPLETING YOUR TAX RETURN

Show all foreign income in Australian dollars. For information on foreign exchange rates go to **www.ato.gov.au** and enter 'foreign exchange rates'

in the 'Search for' box at the top of the page. For information on how to convert your foreign income, phone **13 28 61**.

Step 1

Add up all the target foreign income you earned, derived or received during 2010–11. The amount you have shown at **N** item 20 forms part of your target foreign income.

Step 2

Write the result at **V** item **IT4**.

IT5 NET FINANCIAL INVESTMENT LOSS

During the 2010–11 income year, did you receive income from or claim deductions in relation to any of the following types of investments:

- **shares**
- **an interest in a managed investment scheme**
- **a forestry interest in a forestry managed investment scheme**
- **rights or options in respect of any of your shares or interests in a managed investment scheme**
- **distributions from a partnership that included income or losses from an investment listed above**
- **interests in trusts that you provided consideration to acquire**
- **any investment that is of a similar nature to those listed above?**

NO ☐ Go to question **IT6**.

YES ☐ Read below.

The loss you show at this item is the amount by which your deductions relating to your financial investments exceed your income from those investments.

Do not include any of the following when calculating your net financial investment loss:

- interest from your everyday transactions accounts
- capital gains
- capital losses.

Your net financial investment loss does not affect the way we work out your taxable income. You are still able to claim allowable tax deductions for expenditure you make in relation to your financial investments.

However, your net financial investment loss will be used in certain income tests to work out whether you are entitled to receive a range of government benefits and certain tax offsets.

If you are not sure whether an investment you hold is a financial investment, go to www.ato.gov.au/incometests. If you are still not sure, phone **13 28 61**.

ANSWERING THIS QUESTION

You will need account statements or other documentation from your financial institution or other sources that show your financial investment income. You will also need documentation showing the amount of deductions you can claim in respect of your financial investments (such as interest).

If you are a partner in a partnership you will need a statement or advice showing the amount of net financial investment income or loss.

We consider that if a financial investment is held by a trust then for the purposes of the income tests the trustee will generally be the owner of the investment.

Managed investment schemes

The investment manager will be able to tell you whether your investment is a managed investment scheme (that is, a scheme registered under the *Corporations Act 2001*).

Managed schemes include:

- cash management trusts
- property trusts
- Australian equity (share) trusts
- international equity trusts
- agricultural schemes (which include horticultural, aquaculture and commercial horse breeding schemes)
- some film schemes
- some time-share schemes
- some mortgage schemes
- actively managed strata title schemes.

Investments that are **not managed investment schemes** include:

- regulated superannuation funds
- approved deposit funds
- debentures issued by a body corporate
- barter schemes
- franchises
- direct purchases of shares or other equities
- schemes operated by an Australian bank in the ordinary course of banking business (such as term deposits).

Forestry managed investment schemes

For more information about forestry managed investment schemes, see question **23** in *TaxPack 2011 supplement*.

Rights and options

To work out your financial investment loss, you need to include income and deductions from rights and options you hold over shares, and interests in managed investment schemes. Rights and options include:

- warrants
- futures contracts.

Deductions

Allowable deductions you can claim for an investment include, but are not limited to, expenses you pay to:

- borrow money to purchase an investment
- manage your investments
- obtain advice about changes in the mix of your investments.

The expenses should be taken into account only to the extent that they are attributable to your financial investments.

COMPLETING YOUR TAX RETURN

Step 1

Complete items **11** and **D8** on your tax return and items **13**, **20**, **23**, **24**, **D14** and **D15** on your *Tax return for individuals (supplementary section) 2011* if they apply to you.

Step 2

Complete the worksheet below.

WORKSHEET

Working out your net financial investment loss

Financial investment income

Dividends from Australian shares from item **11**:

unfranked amount	\$	(a)
franked amount	\$	(b)
franking credit	\$	(c)

Managed investment scheme income from **U** item **13**

\$	(d)
----	-----

Dividend income or managed investment scheme income from foreign companies from M item 20	\$	(e)
Forestry managed investment scheme income from A item 23	\$	(f)
Any other income from a financial investment (this would include any income from a financial investment that you included at item 24)		(g)
Add all amounts from (a) to (g).	\$	(h)
Financial investment deductions		
Dividend deductions from Australian shares from item D8	\$	(i)
Managed investment scheme deductions from Y item 13 and H item D8	\$	(j)
Forestry managed investment scheme deductions from F item D14	\$	(k)
Any other deductions attributable to a financial investment (this would include any deductions from a financial investment that you claimed at J item D15)	\$	(l)
Add all amounts from (i) to (l).	\$	(m)
Take (m) away from (h). (Show a loss as a negative.)	\$	(n)
<p>If you are a partner in one or more partnerships, add up your share of all net financial investment income and deduct your share of all net losses from the partnerships' financial investments.</p> <p>The statement of distribution from each partnership should show these amounts. (Show an overall loss at (o) as a negative.)</p>		
	\$	(o)

Add (n) and (o). \$ (p)

If the amount at (p) is negative, write this amount at **X** item **IT5**. Otherwise leave **X** blank and go to question **IT6**.

IT6 NET RENTAL PROPERTY LOSS

This question is about the net loss, if any, from any rental property you owned.

This question is not about capital gains or capital losses from your rental properties.

Did you earn rental income or claim rental deductions, or receive a partnership distribution that included rental income or losses?

NO ☐ Go to question **IT7**.

YES ☐ Read below.

The net rental property loss that you work out here does not affect the way we work out your taxable income. You can still claim allowable tax deductions for expenditure on your rental properties.

However, your net rental property loss will be used in certain income tests to work out whether you are entitled to receive a range of government benefits and certain tax offsets.

ANSWERING THIS QUESTION

You need details and records showing your Australian rent, foreign rent and your share of any rent that you received as a partner in a partnership. You will also need documentation showing the amount of any deductions that you are entitled to in respect of that rent.

You need your statement of partnership distribution (the partnership tax return statement of distribution) showing your share of the net rental income or loss from your partnership.

We consider that if the rental property is held by a trust then for the purposes of the income tests the trustee will generally be the owner of the property.

COMPLETING YOUR TAX RETURN

Step 1

Complete item **D6** on your tax return and items **13**, **15**, **20** and **21** on your *Tax return for individuals (supplementary section) 2011* as applicable.

Step 2

Complete **worksheet 1** to work out your net rental property loss.

Where you have shown an amount as a loss on your tax return, show it as a negative amount in **worksheet 1**.

WORKSHEET 1	
Working out your net rental property loss	
Net foreign rent (from R item 20)	\$ <input type="text"/> (a)
Net rent (from item 21)	\$ <input type="text"/> (b)
Share of net rental property income or loss from the partnership tax return statement of distribution	\$ <input type="text"/> (c)
Net rental property income or loss from carrying on a rental property business taken into account in working out the amount at Z , item P8 of the <i>Business and professional items schedule for individuals 2011</i>	\$ <input type="text"/> (d)
Add (a), (b), (c) and (d).	\$ <input type="text"/> (e)
Sum of the low-value pool deductions relating to your rental properties that you claimed at item D6 on your return	\$ <input type="text"/> (f)
Take away (f) from (e).	\$ <input type="text"/> (g)

Step 3

If the amount at (g) in **worksheet 1** is negative (that is, a loss) write that amount at **Y** item **IT6**. Otherwise go to question **IT7**.

IT7 CHILD SUPPORT YOU PAID

This question is about amounts you paid or benefits you provided to another person other than your partner for the maintenance of your natural or adopted child.

Note: Do not include amounts you paid or provided to a person to acquire goods or services.

Did you pay amounts or provide benefits to another person for the maintenance of your child?

NO ☐ Go to **Spouse details – married or de facto** on the next page.

YES ☐ Read below.

ANSWERING THIS QUESTION

You will need to know, or work out from your records, the total amounts you paid or benefits you provided for the maintenance of your child during 2010–11.

COMPLETING YOUR TAX RETURN

Step 1

Add up all the amounts you paid and benefits you provided for the maintenance of your child during 2010–11.

Step 2

Write the total at **Z** item **IT7**. Go to **Spouse details – married or de facto** on the next page.

MORE INFORMATION

For income test purposes, the amounts you paid and the benefits you provided for the maintenance of your child will be deducted from the total of the other components that make up your adjusted taxable income.

For more information, go to www.ato.gov.au and enter 'income tests: an overview' in the 'Search for' box at the top of the page.

Spouse details – married or de facto

Your spouse includes another person (whether of the same sex or opposite sex) who:

- you were in a relationship that was registered under a prescribed state or territory law,
- although not legally married to you, lived with you on a genuine domestic basis in a relationship as a couple.

You must complete this section if you had a spouse during 2010–11 and:

- you consent to use part or all of your 2011 tax refund to repay your spouse's Family Assistance Office (FAO) debt, or
- you completed any of the following items:
 - T1** Spouse (without dependent child or student) tax offset
 - T2** Senior Australians tax offset
 - T3** Pensioner tax offset
 - M1** Medicare levy reduction or exemption
 - M2** Medicare levy surcharge, and you printed **X** in the **No** box at **E**

T7 Superannuation contributions on behalf of your spouse (on the tax return, supplementary section)

T10 Parent, spouse's parent or invalid relative tax offset (on the tax return, supplementary section)

T13 Entrepreneurs tax offset (on the tax return, supplementary section) but only if you are required to or choose to complete steps 8–10 in **T13** (see page s61 in *TaxPack 2011 supplement*).

In 2010–11, did you have a spouse and fit into any of the above categories?

NO ☐ Go to **Checklist** on page 110.

YES ☐ Read below.

If your spouse's income for any of the labels below is zero, you must write **0** at those items on your tax return.

ANSWERING THIS QUESTION

You will need:

- your spouse's *PAYG payment summary – individual non-business*
- the relevant distribution statements, if any, for trust income and family trust distribution tax
- if your spouse has child support obligations, the details of the amount of child support they paid (your spouse can get this information from the Child Support Agency)
- if your spouse received foreign income, the details of the amount of foreign income received
- if your spouse had financial investment losses, the net financial investment loss amount
- if your spouse had rental property losses, the net rental property loss amount
- if your spouse has claimed a deduction for personal superannuation contributions, the details of the amount claimed.

If you had more than one spouse during 2010–11, complete this section with the details for your spouse on 30 June 2011, or your latest spouse.

COMPLETING YOUR TAX RETURN

Step 1

Print your spouse's name in the boxes provided on page 9 of your tax return.

Step 2

Write your spouse's date of birth at **K** and print **X** in the relevant box for your spouse's sex. We use these details to work out whether your spouse is below the age-pension age.

Step 3

If you had a spouse for the full year, 1 July 2010 to 30 June 2011, print **X** in the **Yes** box at **L**.

If you did not have a spouse for the full year, print **X** in the **No** box at **L** and write the dates you had a spouse between 1 July 2010 and 30 June 2011 at **M** and **N**.

Step 4

If you completed items **T1**, **T2**, **T3**, **M1** or **M2** or items **T7**, **T10** or **T13** on the supplementary section of your tax return, follow the instructions below.

If you completed	you need to complete (where applicable)
item T1	O , S , Q , A , B , C , D and E
item T2 or T3	O , T , S , P , Q , A and D
item M1 (V or W)	O
item M1 (Y only)	O and F , if you had a spouse on 30 June 2011
item M2 and you printed X in the No box at E	O , T , U , S , A , D and F , if you had a spouse for all of 2010–11 or your spouse died during the year
item T7	O , S and A
item T10	O , S , Q , A , B , C , D and E
item T13	O , S , A , and D , if you had a spouse on 30 June 2011

Label O

Write at **O** your spouse's 2010–11 taxable income. If this amount is zero, write **0**. This amount can usually be obtained from your spouse's tax return or notice of assessment. If your spouse does not have to lodge a tax return, provide an estimate of their taxable income.

Label T

Write at **T** any amount of net income of a trust that the trustee was liable to pay tax on because your spouse was under a legal disability, for example, they were a bankrupt, were a person who was declared legally incapable because of a mental condition or were under 18 years old on 30 June 2011. (Do not include any amount that has already been included in your spouse's taxable income, for example, at **O**.) If this amount is zero, write **0**. Check the trust distribution statements.

Label U

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

Label S

Add up the reportable fringe benefits amounts shown on your spouse's payment summaries, and write the total at **S**. If this amount is zero, write **0**.

Label P

Write at **P** the amount of Australian Government pensions and allowances that your spouse received in 2010–11 (not including exempt pension income). If this amount is zero, write **0**. Australian Government pensions and allowances are listed on page 12.

Label Q

Write at **Q** the amount of any exempt pension income that your spouse received in 2010–11. Make sure you include only your spouse's exempt pension income. If this amount is zero, write **0**. Exempt income is listed on page 111.

Label A

Write at **A** your spouse's reportable superannuation contributions. Reportable superannuation contributions are the sum of reportable employer superannuation contributions and personal deductible superannuation contributions (see question **D12** on pages s37–9 in *TaxPack 2011 supplement*). If this amount is zero, write **0**.

Step 1

Add up the reportable employer superannuation contributions amounts shown on your spouse's payment summaries.

Step 2

If your spouse claimed a deduction for personal superannuation contributions at item **D12** on their tax return (supplementary section), add the deduction amount to the result from step 1.

Step 3

Write your spouse's reportable superannuation contributions amount at **A**.

Label B

If your spouse received any of the following tax-free government pensions, write the total amount they received for the income year at **B**:

- a special rate disability pension under Part 6 of Chapter 4 of the *Military Rehabilitation and Compensation Act 2004*
- a payment of compensation under section 68, 71 or 75 of the *Military Rehabilitation and Compensation Act 2004*
- a payment of compensation mentioned in paragraph 234(1)(b) of the *Military Rehabilitation and Compensation Act 2004*.

If this amount is zero, write **0**.

Label C

Write at **C** the target foreign income your spouse received during the income year. Your spouse's target foreign income is:

- any income amount earned, derived or received from sources outside Australia for your spouses own use or benefit, or
- periodical payments or benefits by way of gifts or allowances from a source outside Australia that is neither included in your spouse's taxable income nor received in the form of a fringe benefit.

It includes any foreign income that is not taxable in Australia. You should include any exempt foreign employment income shown at **N** item **20** on your spouse's tax return. All foreign income must be translated (converted) to Australian dollars before you complete this label. If this amount is zero, write **0**.

Label D

Write at **D** your spouse's total net investment loss. Your spouse's total net investment loss is the sum of any net financial investment loss and any net rental property loss. If this amount is zero, write **0**. The information and worksheets at questions **IT5** and **IT6** will help you to complete this label.

Label E

Write at **E** the total amount of child support your spouse provided to another person. The amount of child support provided is the total amount of any payments or benefits that your spouse was required to pay or provide to another person to maintain their natural or adopted child. However, you do not count any payments or benefits made or provided to you by your spouse unless you live apart on a permanent or indefinite basis. If this amount is zero, write **0**.

Label F

If your spouse's taxable income included a superannuation lump sum that you included at (k) in **worksheet 1** on page 90, write that amount at **F**. If this amount is zero, write **0**. See question **M2** on pages 89–94 for more information.

Step 5

If you do **not** consent to use part or all of your 2011 tax refund to repay any Family Assistance Office (FAO) debt of your spouse, print **X** in the **No** box. You have finished this section.

If you do consent, read below.

Answer yes to this question only if **all** of the following apply to you.

- You were the spouse of a family tax benefit (FTB) claimant or the spouse of a child care benefit claimant on 30 June 2011 and your income was taken into account in their claim.
- Your spouse has given you authority to quote their customer reference number (CRN) on your tax return (if your spouse does not know their CRN, they can contact the FAO).
- Your spouse has a debt due to the FAO or expects to have an FAO debt for 2011.
- You expect to receive a tax refund for 2011.
- You consent to use part or all of your refund to repay your spouse's FAO debt.

If you consent, print **X** in the **Yes** box. You must complete your spouse's CRN at **Z**, and sign and date the consent.

Checklist

To avoid any delay in the processing of your tax return, use the pre-addressed envelope provided with your *TaxPack 2011*, or use the following address:

**Australian Taxation Office
GPO Box 9845
IN YOUR CAPITAL CITY**

Do not replace the words **IN YOUR CAPITAL CITY** with the name of your capital city and its postcode.

CHECK THAT YOU HAVE...

- ☐ written your tax file number
- ☐ filled in all your personal details, including your date of birth, correctly
- ☐ completed the appropriate details for electronic funds transfer 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, 4, 8, I, TOTAL INCOME OR LOSS, D1, D3, D4, SUBTOTAL, TAXABLE INCOME OR LOSS, T1, T2, T3, M1 and A1**
- ☐ completed item **M2** which is **compulsory** for all taxpayers
- ☐ completed income tests items **IT1** to **IT7** if required
- ☐ completed pages 13–16 of the tax return (supplementary section) if required, and worked through the checklist on page s68 in *TaxPack 2011 supplement*
- ☐ written totals at:
 - TOTAL TAX WITHHELD**
 - TOTAL INCOME OR LOSS**
 - TOTAL DEDUCTIONS**
 - SUBTOTAL**
 - TAXABLE INCOME OR LOSS**
 - TOTAL TAX OFFSETS**
- ☐ completed **Spouse details – married or de facto** if required
- ☐ completed your spouse's details and provided your signature on page 11 of your tax return if you have consented to offset part or all of your tax refund against your spouse's Family Assistance Office debt
- ☐ completed item **A1** if you were under 18 years old on 30 June 2011; this is **compulsory** and if it is not completed, you may be taxed at a higher rate than necessary
- ☐ read, completed, signed and dated the *Taxpayer's declaration* on page 12 of your tax return; failure to do so will result in it being returned to you and penalties for late lodgment may be applied
- ☐ attached copies of all documents or schedules which *TaxPack 2011* tells you to attach
- ☐ attached pages 13–16 of your tax return (supplementary section) to page 12, if you had to complete these pages
- ☐ kept copies of your tax return, all attachments and relevant papers for your own records.

When can you expect your notice of assessment?

Our standard processing time for tax returns posted to us is six weeks. If you lodged your tax return online using *e-tax*, our standard processing time is two weeks.

Write the date you lodged your tax return here:

If you lodged your tax return by post, add seven weeks to work out when to expect your notice of assessment and write the date here:

HOW WE WORK OUT YOUR TAX

If you want to work out your tax refund or debt go to www.ato.gov.au/calculators

INCOME

minus

ALLOWABLE DEDUCTIONS

equals

TAXABLE INCOME

TAX ON TAXABLE INCOME

minus

TAX OFFSETS

equals

NET TAX PAYABLE

plus

HELP AND SFSS REPAYMENTS

plus

MEDICARE LEVY AND SURCHARGE

minus

**TAX CREDITS AND
REFUNDABLE TAX OFFSETS**

equals

REFUND OR AMOUNT OWING

Amounts that you do not pay tax on

You might have received amounts that you do not need to include as income on your tax return. We classify them into three different categories:

- **exempt income**
- **non-assessable non-exempt income**
- some **other amounts** that are not taxable and do not affect any calculation on your tax return.

The most common types of exempt and non-assessable non-exempt income are listed below. If you are not sure whether a payment you have received is exempt income, non-assessable non-exempt income or is another type of amount that is not taxable, phone **13 28 61**.

EXEMPT INCOME

Exempt Australian Government pensions, allowances and payments

- Carer adjustment payment (CAP)
- Carer payment where:
 - **both** the carer **and** the care receivers are under age-pension age, or
 - the carer is under age-pension age and any of the care receivers has died
- Defence Force income support allowance (DFISA) payable to you on a day when the whole of your social security pension or benefit, which is also payable to you on that day, is exempt from income tax under section 52-10 of the *Income Tax Assessment Act 1997*
- Disability support pension paid by Centrelink to a person who is under age-pension age
- Double orphan pension
- Invalidity service pension where the veteran is under age-pension age
- Partner service pension where either:
 - the partner (excluding the non-illness separated spouse of a veteran) and the veteran are under age-pension age and the veteran receives an invalidity service pension, or
 - the partner is under age-pension age and the veteran has died and was receiving an invalidity service pension at the time of death
- Veterans' Affairs disability pension and allowances, war widows and war widowers pension
- Wife pension where both the recipient and their partner are under age-pension age, or the recipient is under age-pension age and their partner has died

Lump sum bereavement payments received as part of any of the above payments are exempt only up to the tax-free amount. Phone **13 28 61** to find out how much of your payment is exempt.

Exempt Australian Government education payments

- Allowances for students under 16 years old, including the Austudy payment and those allowances paid under ABSTUDY, Youth Allowance, the Assistance for Isolated Children Scheme and the Veterans' Children Education Scheme
- Apprenticeship wage top-up
- The first \$1,000 of an apprenticeship early completion bonus provided under a specified state or territory scheme for occupations with skill shortages
- Australian-American Educational Foundation grant
- Commonwealth scholarships or bursaries provided to foreign students
- Commonwealth secondary education assistance
- Commonwealth Trade Learning Scholarship
- Language, literacy and numeracy supplement
- Endeavour awards research fellowships or an Endeavour Executive Award
- Payments under the Military Rehabilitation and Compensation Act Education and Training Scheme 2004 for eligible young persons whose eligibility was determined under:
 - paragraph 258(1)(a) of the *Military Rehabilitation and Compensation Act 2004* and the eligible young person was under 16 years old, or
 - paragraph 258(1)(b) of the *Military Rehabilitation and Compensation Act 2004*
- Pensioner education supplement and fares allowance paid by Centrelink
- Rent assistance paid to Austudy recipients
- Some scholarships and bursaries received by full-time students
- Supplementary allowances for students paid under the Assistance for Isolated Children Scheme

Other exempt Australian Government payments

- Australian Government disaster recovery payments
- Baby bonus paid by Centrelink
- Carer allowance paid under the *Social Security Act 1991*
- Child care benefit
- Child care rebate
- Child disability assistance under Part 2.19AA of the *Social Security Act 1991*
- DFISA bonus and DFISA bonus bereavement payment under Part VIIAB of the *Veterans' Entitlements Act 1986*
- Family tax benefit
- F-111 desal/reseal ex-gratia lump sum payments

Amounts that you do not pay tax on

- Loss of earnings allowance paid under the *Veterans' Entitlements Act 1986*
- Lump sum pension bonus paid under the *Social Security Act 1991* or the *Veterans' Entitlements Act 1986*
- Lump sum payment made under Section 198N of the *Veterans' Entitlements Act 1986*
- Maternity immunisation allowance
- Mobility allowance paid under the *Social Security Act 1991*
- Economic security strategy payment to families under the *A New Tax System (Family Assistance) (Administration) Act 1999* or under the scheme determined under Schedule 4 to the *Social Security and Other Legislation Amendment (Economic Security Strategy) Act 2008*
- Economic security strategy payment under the *Social Security Act 1991* or the *Veterans' Entitlements Act 1986* or under the scheme determined under Schedule 4 to the *Social Security and Other Legislation Amendment (Economic Security Strategy) Act 2008*
- Back to school bonus and single income family bonus paid under the *A New Tax System (Family Assistance) (Administration) Act 1999*
- Training and learning bonus under the *Social Security Act 1991*
- Farmers hardship bonus under the *Social Security Act 1991*
- Education entry payment supplement under the *Social Security Act 1991*
- Payments under the scheme determined under Schedule 4 to the *Household Stimulus Package Act (No. 2) 2009*
- The ex-gratia payment from the Australian Government known as 'Income recovery subsidy for the Victorian bushfires of January and February 2009'
- The ex-gratia payment from the Australian Government known as 'Income recovery subsidy for the North Queensland floods of January and February 2009'
- Payments from the Australian Government under the incentive payments scheme relating to certain private health insurance policies
- Payments to carers under the scheme determined under Schedule 4 to the *Social Security and Veterans' Affairs Legislation Amendment (One-off Payments and Other 2008 Budget Measures) Act 2008*
- Pension bonus and pension bonus bereavement payments under Part 2.2A of the *Social Security Act 1991* or Part IIIAB of the *Veterans' Entitlements Act 1986*
- Pharmaceutical allowances paid under the *Social Security Act 1991*
- Pharmaceutical allowances paid under the *Veterans' Entitlements Act 1986* that were paid before 20 September 2009
- Phone allowance paid under the *Social Security Act 1991*
- Phone allowance paid under the *Veterans' Entitlements Act 1986*
- Quarterly pension supplement paid under the *Social Security Act 1991* or the *Veterans' Entitlements Act 1986*
- Remote area allowance
- Rent assistance
- Seniors concession allowance paid under the *Social Security Act 1991* or the *Veterans' Entitlements Act 1986*
- Seniors supplement paid under the *Social Security Act 1991* or the *Veterans' Entitlements Act 1986*
- Sugar industry exit grant where you complied with the condition of the grant not to own or operate any agricultural business within five years after receiving the grant
- Tobacco industry exit grant where you complied with the condition of the grant not to own or operate any agricultural business within five years after receiving the grant
- Utilities allowance paid under the *Social Security Act 1991*
- Utilities allowance paid under the *Veterans' Entitlements Act 1986*
- Veterans supplement paid under the *Veterans' Entitlements Act 1986*
- Outer regional and remote (OR&R) payment made under the Helping Children with Autism package

Exempt Australian Defence Force and United Nations payments

- Certain pay and allowances for Australian Defence Force personnel (your employer will advise you if an amount is exempt)
- Compensation payments for impairment or incapacity resulting from service with a United Nations armed force
- Compensation payments made under the *Military Rehabilitation and Compensation Act 2004*, except those that are income-related payments
- Pay and allowances for part-time service in the Australian Naval, Army or Air Force Reserve
- Some allowances paid to Australian Defence Force personnel who served in prescribed overseas areas (your employer will advise you if an allowance is exempt)

Other exempt payments

- Certain annuities and lump sums which are paid to an injured person under a structured settlement
- Certain distributions from an early stage venture capital limited partnership
- Certain distributions from a pooled development fund
- Certain payments relating to persecution during the Second World War
- Certain profits or gains from disposal of shares in a pooled development fund
- Japanese internment compensation payments made under the *Compensation (Japanese Internment) Act 2001* or the *Veterans' Entitlements Act 1986*

NON-ASSESSABLE NON-EXEMPT INCOME

The most common types of non-assessable non-exempt income are:

- the tax-free component of an employment termination payment (ETP)
- that part of the taxable component of a death benefit ETP paid to a dependant below the 2010–11 cap of \$160,000
- the tax-free component of a superannuation benefit
- the taxed element of a superannuation income stream or lump sum received by a person 60 years old or older
- the taxed element of a death benefit superannuation income stream paid to a death benefit dependant where
 - the deceased was 60 years old or older at the time of their death, or
 - the recipient was 60 years old or older when the benefit was received
- a tax-free superannuation lump sum benefit paid to a person with a terminal medical condition existing at the time when the lump sum was received or within 90 days after its receipt
- National Rental Affordability Scheme payments or non-cash benefits paid by a state or territory government or a relevant body established under a state or territory law
- a superannuation lump sum death benefit received by
 - a dependant, or
 - someone who is not a dependant but received the benefit because of the death of a member of the Australian Defence Force or an Australian police force (including Australian Protective Services) who died in the line of duty

- genuine redundancy payments and early retirement scheme payments shown as 'Lump sum D' amounts on your payment summary
- amounts on which family trust distribution tax has been paid (see question **A4** on page s66 in *TaxPack 2011 supplement*)
- interest or other earnings credited to a first home saver account that you hold or a payment to you from such an account
- government contributions paid under the *First Home Saver Account Act 2008*
- super co-contributions
- the tax bonus paid under the *Tax Bonus for Working Australians Act 2009*.

Tax-free income for temporary residents

If you are a temporary resident your foreign income is non-assessable non-exempt income, except income you earn from your employment overseas for short periods while you are a temporary resident.

You are a temporary resident if:

- you hold a temporary visa granted under the *Migration Act 1958*
- you are not an Australian resident within the meaning of the *Social Security Act 1991*, and
- your spouse (if you have one) is not an Australian resident within the meaning of the *Social Security Act 1991*.

If, at any time on or after 6 April 2006, you have been an Australian resident for tax purposes but not a temporary resident, you will not be entitled to the temporary resident exemptions from that time, even if you later held a temporary visa.

For further information, see the electronic publication *Foreign income exemption for temporary residents – introduction*. It is available at www.ato.gov.au

OTHER AMOUNTS THAT YOU DO NOT PAY TAX ON

You do not pay tax on most child support and spouse maintenance payments.

Do you need to lodge a tax return?

If any of the following applies to you then you must lodge a tax return.

REASON 1

During 2010–11, you were an Australian resident and you:

- paid tax under the pay as you go (PAYG) withholding or instalment system, or
- had tax withheld from payments made to you.

REASON 2

You were eligible for the senior Australians tax offset (see pages 68–70) **and** your 'rebate income' (not including your spouse's) was more than:

- **\$30,685** if you were single, widowed or separated at any time during the year
- **\$29,600** if you had a spouse but one of you lived in a nursing home or you had to live apart due to illness (see the definition of **Had to live apart due to illness** on page 69), or
- **\$26,680** if you lived with your spouse for the full year.

See page 67 to work out your 'rebate income' or use the calculator at www.ato.gov.au

REASON 3

You were not eligible for the senior Australians tax offset **but** you received a payment listed at question 5 on page 11 **and** other taxable payments which when added together made your taxable income more than **\$16,000**.

REASON 4

You were not eligible for the senior Australians tax offset **but** you received from **Centrelink** an Australian Government pension, allowance or payment listed at question 6 on page 12 **and** your 'rebate income' was more than:

- **\$29,670** if you were single, widowed or separated at any time during the year
- **\$28,636** if you had a spouse but one of you lived in a nursing home or you had to live apart due to illness
- **\$24,156** if you lived with your spouse for the full year.

See page 67 to work out your 'rebate income' or use the calculator at www.ato.gov.au

REASON 5

You were not eligible for the senior Australians tax offset **but** you received from the **Department of Veterans' Affairs** an Australian Government pension, allowance or payment listed at question 6 on page 12, **and** your 'rebate income' was more than:

- **\$30,439** if you were single, widowed or separated at any time during the year

- **\$29,456** if you had a spouse but one of you lived in a nursing home or you had to live apart due to illness
- **\$24,810** if you lived with your spouse for the full year.

See page 67 to work out your 'rebate income' or use the calculator at www.ato.gov.au

REASON 6

You were not eligible for the senior Australians tax offset **and** you did not receive a payment listed at question 5 or 6 on pages 11 and 12, but your taxable income exceeded:

- **\$6,000** if you were an Australian resident for tax purposes for the full year
- **\$3,334** if you were under 18 years old at 30 June 2011 and your income was not salary or wages
- **\$1** if you were a non-resident and you had income taxable in Australia which did not have non-resident withholding tax withheld from it, or
- **your part-year tax-free threshold amount** if you became or stopped being an Australian resident for tax purposes. Go to www.ato.gov.au and enter 'Part-year tax-free threshold amount' in the 'Search for' box at the top of the page to work out your threshold amount or phone **13 28 61**.

OTHER REASONS

You must lodge a tax return if any of the following applied to you.

- You had a reportable fringe benefits amount on your *PAYG payment summary – individual non-business* or *PAYG payment summary – foreign employment*.
- You had reportable employer superannuation contributions on your *PAYG payment summary – individual non-business* or *PAYG payment summary – foreign employment* or *PAYG payment summary – business and personal services income*.
- You were entitled to the private health insurance tax offset; see question **T5** on page 73.
- You carried on a business.
- You made a loss or you can claim a loss you made in a previous year.
- You were 60 years old or older and you received an Australian superannuation lump sum that included an untaxed element.
- You were under 60 years old and you received an Australian superannuation lump sum that included a taxed element or an untaxed element.
- 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 s20–6 in

TaxPack 2011 supplement explain what is meant by 'exempt foreign employment income'. For the 2009–10 income year and subsequent years, there are changes limiting the exemption for foreign employment income.)

- You are a special professional covered by the income averaging provisions. These provisions apply to authors of literary, dramatic, musical or artistic works, inventors, performing artists, production associates and active sportspeople.
- You received income from dividends or distributions exceeding \$6,000 (or \$416 if you were under 18 years old on 30 June 2011) **and** you had:
 - franking credits attached, or
 - amounts withheld because you did not quote your tax file number or Australian business number to the investment body.
- You made personal contributions to a complying superannuation fund or retirement savings account and will be eligible to receive a super co-contribution for these contributions.
- You were either a liable parent or a recipient parent under a child support assessment **unless** you received Australian Government allowances, pensions or payments (whether taxable or exempt) for the whole of the period 1 July 2010 to 30 June 2011, and the total of all the following payments was less than \$20,594:
 - taxable income
 - exempt Australian Government allowances, pensions and payments
 - target foreign income (see **IT4 Target foreign income**)
 - reportable fringe benefits
 - net financial investment loss (see **IT5 Net financial investment loss**)
 - net rental property loss (see **IT6 Net rental property loss**) and
 - reportable superannuation contributions.

Deceased estate

If you are looking after the estate of someone who died during 2010–11, consider all the above reasons on their behalf, and if a tax return is not required complete *Non-lodgment advice 2011* on the next page and send it to us. If a tax return is required, see page 4 for more information.

Franking credits

If you don't need to lodge a tax return for 2010–11, you can claim a refund of franking credits by using the publication *Refund of franking credits instructions and application for individuals 2011* (NAT 4105) and lodging your claim by mail or phone **13 28 65**.

However, you cannot lodge it by phone if you are also lodging an application for **education tax refund**. In that case you must send all your claims to us together in one envelope, or you could use *e-tax*.

Education tax refund

If you don't need to lodge a tax return for 2010–11, you can claim your education tax refund by completing the application *Education tax refund for individuals 2011* (NAT 72621) and lodging it by mail or phone **13 28 65**.

However, you cannot lodge it by phone if you are also lodging an **application for a refund of franking credits**. In that case you must send all your claims to us together in one envelope, or you could use *e-tax*.

First home saver account

If you had a first home saver account in 2010–11 and believe you are entitled to a first home saver account government contribution, you must lodge either:

- a tax return, or
- a notification of eligibility (if you are not required to lodge a tax return) and you were an Australian resident for at least part of 2010–11. You can find this form on our website at www.firsthomesaver.gov.au

If you have read all the above information and know that you do not have to lodge a tax return, you should complete the non-lodgment advice on the next page and send it to us unless one of the following applies to you:

- You have already sent us a tax return, non-lodgment advice, form or letter telling us that you do not need to lodge a tax return for all future years.
- You are lodging an application for a refund of franking credits for 2011.
- You are lodging an application for an education tax refund for 2011.
- Your only income was from an allowance or payment listed at question **5** on page 11 **or** you received a pension, payment or an allowance listed at question **6** on page 12 and
 - your 'rebate income' was less than the relevant amount in **reason 2** (if you are eligible for the senior Australians tax offset), or
 - your taxable income was less than the relevant amount in **reason 3** (the agencies that paid you have provided information for us to determine that you do not need to lodge a tax return), or
 - your 'rebate income' was less than the relevant amount in **reason 4** or **reason 5** (the agencies that paid you have provided information for us to determine that you do not need to lodge a tax return).

Do you need to lodge a tax return?



Australian Government
Australian Taxation Office

Non-lodgment advice

2011

1 July 2010 to 30 June 2011

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

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

Your tax file number

--	--	--	--	--	--	--	--	--

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 ☐

--

YES ☐

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

Suburb or
town

--

State

--

Postcode

--

Country
if not
Australia

--

Your phone number during business hours – if it is convenient

Area code

--

Phone
number

--

Reason for not lodging a tax return

☐ I will not have to lodge a tax return for 2010–11 because
none of the reasons listed on pages 114–15 apply.

--

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

--

I declare that the information I have given on this non-lodgment advice is true and correct. See the privacy notes on page 128.

Signature

--

Date

DAY		MONTH		YEAR			

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

Use the pre-addressed envelope provided with *TaxPack 2011* to send us your non-lodgment advice by 31 October 2011. If you are not using the pre-addressed envelope, see page 126 for more information and the address to use.

Special circumstances and glossary

This section is a public ruling in accordance with Division 358 of Schedule 1 to the *Taxation Administration Act 1953* for individuals who use it reasonably and in good faith to complete their 2011 personal income tax return.

This means that if we state the law incorrectly in this section, or our advice on the application of the law in this section is incorrect and as a result you do not pay enough tax, we will not ask you to pay the extra tax.

NON-RESIDENT WITHHOLDING TAX

Gross interest

If you were a non-resident include at item **10** any interest that you received in 2010–11 while you were a resident of Australia.

Do not include at item **10** any interest paid or credited to you when you were a non-resident if withholding tax was deducted.

If withholding tax was not deducted, on a separate piece of paper:

- print SCHEDULE OF ADDITIONAL INFORMATION – ITEM 10
- print your name, address and tax file number
- provide details of amounts of interest you received while you were a non-resident if withholding tax was not deducted.

Attach your schedule to page 3 of your tax return. Print **X** in the **YES** box at *Taxpayer's declaration* question **2a** on page 12 of your tax return.

We will advise you of the amount of withholding tax you have to pay on this interest.

Dividends

Do not include at item **11** any dividend income paid or credited to you during the period you were a non-resident, if:

- the dividend was fully franked, or
- the dividend was not fully franked, but either
 - the dividend statement shows the unfranked amount to be conduit foreign income, or
 - withholding tax was (or should have been) withheld from the unfranked amount.

You need to provide details of any dividend:

- that was paid or credited to you during any period you were a non-resident
- that was not fully franked and was not declared to be conduit foreign income, and
- on which you have not paid withholding tax.

On a separate piece of paper:

- print SCHEDULE OF ADDITIONAL INFORMATION – ITEM 11
- print your name, address and tax file number
- provide details of the dividend.

Attach your schedule to page 3 of your tax return. Print **X** in the **YES** box at *Taxpayer's declaration* question **2a** on page 12 of your tax return.

We will work out the amount of withholding tax you have to pay on the dividends, and advise you of the amount.

FOREIGN EMPLOYMENT TERMINATION PAYMENTS

An employment termination payment (ETP) that you received due to termination of your employment overseas is a foreign employment termination payment (foreign ETP):

- where you were an Australian resident for the period of your employment
- where the payment was exempt from income tax under that country's laws, and
- whether or not your foreign employer has an Australian business number (ABN) or has given you a *PAYG payment summary – employment termination payment*.

Note: A foreign ETP is different from a foreign termination payment (FTP); see the definition on page 123.

Instructions for foreign ETPs

You need to convert your foreign ETPs into Australian dollars before you can complete item **4**. For information about exchange rates and how to convert foreign payments, go to www.ato.gov.au or phone **13 28 61**.

- Then on a separate piece of paper:
 - print SCHEDULE OF ADDITIONAL INFORMATION – ITEM 4
 - print your name, address and tax file number
 - for each foreign ETP, print the name of the payer and the foreign country in which you were employed, and write the amount of the payment
 - for each foreign ETP, print the appropriate code letter (from those listed at step 4 in question **4 Employment termination payments** on page 10) or print **NO CODE LETTER APPLIES**.
- Attach your schedule to page 3 of your tax return.
- Print **X** in the **YES** box at *Taxpayer's declaration* question **2a** on page 12 of your tax return.

You will need to include the total amount of these foreign ETPs in the amount you show at **I** item **4** on your tax return.

Go to step 1 in question **4 Employment termination payments** on page 9.

DIVIDENDS AND FRANKING CREDITS

If you are claiming franking credits at item **11**, certain rules apply. Read the following to check that you are entitled to claim the credits.

You must be a 'qualified person' to be entitled to a franking credit in respect of a dividend. To be a qualified person you must satisfy the holding period rule and the related payments rule.

Holding period rule

To be able to claim the franking credits the **holding period rule** requires you to hold shares 'at risk' for at least 45 days (90 days for certain preference shares).

When working out the number of days you held the shares at risk, do not count the day on which you acquired the shares and the day on which you disposed of the shares (or you entered into an arrangement to reduce the risk of making a loss on them).

This rule applies generally to shares bought on or after 1 July 1997.

Even if you do not hold the shares at risk for the required period you may still be entitled to claim the franking credits if:

- your total direct and indirect franking credit entitlement for the income year, including any entitlement you may have through a trust or partnership, is not above \$5,000 (the small shareholder exemption), and
- the **related payments rule** (see next page) does not apply to you.

In determining whether the holding period rule is satisfied for the prescribed minimum period, no account is taken of any days on which you entered into an arrangement to materially reduce the risk of making a loss on your shares, such as through derivatives, hedges, options and futures.

If you do not satisfy the holding period rule, include the franked amount of the dividend at **T item 11** but do not include any franking credit amount at **U item 11** for that dividend.

AUSTRALIAN SUPERANNUATION LUMP SUM PAYMENTS

Table 1 sets out the tax rates that apply to superannuation lump sum payments.

You may find this useful in completing items **8**, **M1** and **M2**.

TABLE 1					
Tax rates applicable to the taxable components of superannuation lump sums					
The Medicare levy is additional where applicable.					
	Your age at the time of payment	Taxed element		Untaxed element	
		Amount	Tax rate	Amount	Tax rate
Death benefit paid to:					
– dependant	Any age	Whole	Tax free	Whole	Tax free
– non-dependant	Any age	Whole	15%	Whole	30%
Superannuation lump sum (other than death benefit)					
	Under 55 years old	Whole	20%	Up to \$1,155,000	30%
				Over \$1,155,000	45%
	55 to 59 years old	Up to \$160,000*	0%	Up to \$160,000*	15%
		Over \$160,000*	15%	Over \$160,000* up to \$1,155,000	30%
				Over \$1,155,000	45%
	60 years old and older	Whole	Tax free	Up to \$1,155,000	15%
				Over \$1,155,000	45%

* The low-rate cap could be less than \$160,000 if, before July 2008, you received an eligible termination payment after your 55th birthday or you received a superannuation lump sum in a prior income year that counted towards your entitlement to a superannuation lump sum tax offset. For more information on how we work out the amount of your low-rate go to www.ato.gov.au and enter 'low rate cap on super lump sum benefits' in the 'Search for' box at the top of the page.

Related payments rule

The related payments rule applies to arrangements entered into after 7.30pm (Australian Eastern Standard Time) on 13 May 1997. Broadly, it applies to you if you effectively had no interest in a dividend because you were under an obligation to make, or were likely to make, a related payment to another party for the dividend and you did not hold your shares 'at risk' for at least 45 days (90 days for certain preference shares).

When working out the number of days you held the shares 'at risk', do not count the day on which you acquired the shares and the day on which you disposed of the shares (or you entered into an arrangement to reduce the risk of making a loss on them).

A related payment includes you, or your associate, doing something under an arrangement that has the effect of passing the benefit of the dividend to someone else.

If either the holding period rule or related payments rule is likely to affect you, see *You and your shares 2011* (NAT 2632).

LEASED LUXURY CARS

If you leased a luxury car and wish to claim a deduction at item **D1** or **D2**, the following information about luxury cars will help you.

A leased luxury car is a leased car that at the time the lease began cost more than the 'luxury car limit' that applied in the relevant income year.

You can claim a deduction for the decline in value of a leased luxury car (but not for other leased cars). The car can be new or second-hand. You must use either the:

- 'one-third of actual expenses' method, or
- 'logbook' method.

When claiming a deduction for decline in value, the initial value that you use for the car is the limit that applied in the income year in which the lease began.

TABLE 2

Luxury car limits for the past 10 years

2010–11	\$57,466	2005–06	\$57,009
2009–10	\$57,180	2004–05	\$57,009
2008–09	\$57,180	2003–04	\$57,009
2007–08	\$57,123	2002–03	\$57,009
2006–07	\$57,009	2001–02	\$55,134

WORK-RELATED TRAVEL EXPENSES

Table 3 outlines the evidence you need to keep to claim overnight travel expenses.

TABLE 3

Travel expense records

	Domestic travel		Overseas travel	
	Written evidence	Travel diary ¹	Written evidence	Travel diary ¹
If you did not receive a travel allowance:				
travel less than 6 nights in a row	Yes	No	Yes	No
travel 6 or more nights in a row	Yes	Yes	Yes	Yes
If you received a travel allowance and your claim does not exceed the reasonable allowance amount:				
travel less than 6 nights in a row	No	No	No ²	No
travel 6 or more nights in a row	No	No	No ²	Yes ³
If you received a travel allowance and your claim exceeds the reasonable allowance amount:				
travel less than 6 nights in a row	Yes	No	Yes	No
travel 6 or more nights in a row	Yes	Yes	Yes	Yes ³

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

² Written evidence is required for overseas accommodation expenses regardless of the length of the trip but not for food, drink and incidentals.

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

RULES FOR CERTAIN TYPES OF GIFTS OR DONATIONS

The following information is about different types of gifts or donations for which you may be able to claim a deduction at item **D9**.

Gifts of property

You can claim a deduction for a gift of property (such as land, artwork or memorabilia) to an approved organisation if:

- you purchased the property within 12 months of making the gift, or
- you purchased the property more than 12 months before you made the gift and the Australian Valuation Office (AVO) valued it at more than \$5,000.

If you purchased the property within 12 months of making the gift, the amount deductible is the market value of the property at the time of the gift or the amount you paid for the property, whichever is less. If you purchased the property more than 12 months before you made the gift and the AVO valued it at more than \$5,000, the amount deductible is the value of the property as determined by the AVO.

You cannot claim a deduction for a gift of property if you did not purchase it (for example, you inherited or won the property) unless the AVO has valued it at more than \$5,000.

If you have made a gift of property under the Cultural Gifts Program the rules described above do not apply to you. For more information on working out whether you can claim a deduction for a gift under this program, see the publication *Cultural Gifts* (NAT 8236) available at www.ato.gov.au or phone **13 28 61**.

For more information about property valuations, phone the AVO on **1300 356 780**, fax **1300 357 267** or see the AVO website at www.avo.gov.au

Receiving a benefit

Generally, you cannot claim a deduction for a donation if you received something in return (for example, a raffle ticket, dinner or a reduction in your child's school fees) other than tokens like lapel badges and stickers that promote the organisation. This rule does not apply to certain fund-raising events (see the next column).

Deductions for contributions relating to fund-raising events

You can claim a deduction for contributions to approved organisations that relate to fund-raising events where you received a minor benefit for your contribution, provided that:

- the contribution meets certain conditions, and

- the benefit you received does not exceed a specified limit.

A fund-raising event includes a fete, ball, gala show, dinner, performance or similar event.

You can claim a deduction if you made:

- a contribution of money or property to attend or participate in (or for the right to attend or participate in) a fund-raising event, or
- a contribution of money to purchase goods or services at a charitable auction.

Your contribution must meet the following conditions.

- It was made to an approved organisation.
- If it was money, it was more than \$150.
- If it was property, you had either:
 - purchased it within 12 months of making the contribution, and both the market value on the day of the contribution and the purchase price were more than \$150, or
 - owned it for more than 12 months and the AVO valued it at more than \$5,000.
- If it was publicly listed shares, the value was more than \$150 and less than or equal to \$5,000.
- The fund-raising event was held in Australia.
- The GST-inclusive market value of the minor benefit you received for your contribution must have been worth no more than \$150 or 20% of the value of the contribution, whichever is less. The receipt from the approved organisation will show the market value of the minor benefit you received.

Your deduction is the value of your contribution that satisfies the conditions set out above **less** the GST-inclusive market value of the minor benefit you received. Both of these amounts appear on your receipt.

There is no limit to the number of deductions you can claim for successful bids to purchase goods or services at a charitable auction, provided the above conditions are met.

Gifts of shares valued at \$5,000 or less

You can claim a deduction for a gift of shares to an approved organisation if:

- the shares were held in a company that was listed on an approved Australian stock exchange on the day the gift was made
- you acquired the shares at least 12 months before making the gift ('acquired' includes purchased, inherited, won or received as a gift or a bonus)
- the parcel of shares had a market value of \$5,000 or less on the day you made the gift
- the parcel of shares was valued at \$2 or more.

You cannot claim a deduction for shares that are suspended from trading (other than a mere trading halt).

Gifts of shares held in different companies are separate gifts even if given at the same time.

A deduction is also available to you where you contribute the shares in return for a right permitting you or another individual to attend or participate in a particular fund-raising event in Australia. The gift must satisfy the rules for contributions to fund-raising events (see the previous page), the market value of the shares on the day they are contributed must be more than \$150 but less than or equal to \$5,000, and the market value of the right to attend or participate in the fund-raising event must not exceed 20% of the value of the shares or \$150, whichever is less.

Be aware that capital gains tax applies when you make a gift of shares.

CONTRIBUTIONS AND GIFTS TO REGISTERED POLITICAL PARTIES AND INDEPENDENT CANDIDATES AND MEMBERS

You can claim a deduction for contributions or gifts to registered political parties, independent members of parliament (state or Commonwealth) or independent candidates in an election for parliament. Contributions must be \$2 or more. The contribution or gift must be of money or property that you purchased during the 12 months before making the contribution or gift. If it is property, the amount deductible is the market value of the property at the time of the donation or the amount you paid for the property, whichever is less.

If the total of all your contributions and gifts to political parties during the year is greater than \$1,500 then the maximum amount you can deduct is \$1,500. A separate deduction limit of \$1,500 applies if the total of all your contributions and gifts to independent candidates or independent members of parliament for the year exceeds \$1,500.

You cannot claim a deduction for a political gift or contribution of \$2 or more (including membership fees) to registered political parties, independent candidates and members of an Australian legislature if you make the gift or contribution in the course of carrying on a business.

The contribution must be to a political party that is registered under Commonwealth, state or territory electoral laws.

The contribution to an independent candidate or independent members must be to a candidate for election to, or member of, the Commonwealth

Parliament, a state parliament, or the legislative assembly of the Northern Territory or Australian Capital Territory.

An independent candidate is an individual whose candidature in an election for parliament is not endorsed by a registered political party. An independent member is a member of parliament who is not a member of a registered political party.

AUSTRALIAN SUPERANNUATION INCOME STREAM TAX OFFSET

If you are completing item **T4** and your payment summary does not show the tax offset amount, follow the steps below to complete the item.

Completing your tax return

Step 1

For each *PAYG payment summary – superannuation income stream* that does not show a tax offset amount, you can work out your tax offset amount by multiplying the taxed element and the untaxed element of the taxable component shown on each of those payment summaries by the relevant percentage shown in **table 4** on the next page.

WORKSHEET 1

Working out the amount of your tax offset

The amount of your superannuation income stream benefit paid to you before your 55th or 60th birthday for which you are entitled to a tax offset	\$	(a)
--	----	-----

Relevant percentage from table 4	%	(b)
---	---	-----

Multiply (a) by (b).	\$	(c)
----------------------	----	-----

The amount of your superannuation income stream benefit paid to you on or after your 55th or 60th birthday for which you are entitled to a tax offset	\$	(d)
---	----	-----

Relevant percentage from table 4	%	(e)
---	---	-----

Multiply (d) by (e).	\$ <input type="text"/>	(f)
Add (c) and (f).	\$ <input type="text"/>	(g)
Add up the tax offset amounts you have worked out at step (g) for each income stream.	\$ <input type="text"/>	(h)

TABLE 4**Percentages used to work out your Australian superannuation income stream tax offset**

Income stream	Age of the deceased	Your age at date of each payment	Taxed element	Untaxed element
Death benefit	Under 60 years old	Under 60 years old	15%	0%
		60 years old and older	Not applicable*	10%
	60 years old and older	Any age	Not applicable*	10%
Disability superannuation benefit	Not applicable	Under 60 years old	15%	0%
		60 years old and older	Not applicable*	10%
All other income streams	Not applicable	Under 55 years old	0%	0%
		55–59 years old	15%	0%
		60 years old and older	Not applicable*	10%

*The tax offset does not apply because this is non-assessable non-exempt income, that is, tax-free income.

Step 2

If you did not turn 55 or 60 years old during 2010–11, go to step 3.

If you turned 55 or 60 years old during the 2010–11 income year, a different percentage of tax offset may apply to the superannuation income stream you were receiving before and after your birthday.

You can ask your payer what amounts of your superannuation income stream attract a tax offset, or you can use **worksheet 1** on the previous page to work out the amount of your tax offset.

Use steps (a) to (g) in **worksheet 1** to work out the amount of your tax offset for each element of the superannuation income stream you received. If you received more than one superannuation income stream, repeat steps (a) to (g) for each of those income streams.

Step 3

If you have any *PAYG payment summary – superannuation income stream* that shows tax offset amounts, add up these amounts and the amount from (h) in **worksheet 1** on pages 121–2. Write the total amount at **S item T4** on your tax return. Do not show cents.

TAX-FREE GOVERNMENT PENSIONS OR BENEFITS THAT ARE TAKEN INTO ACCOUNT IN THE INCOME TESTS

If you receive any of the government pensions or benefits listed below, then you must include at **IT3** the part of those pensions and benefits that are exempt from tax. In some cases, all of your pension or benefit could be exempt from tax, and in other cases only part of it might be.

Do not include any part of these pensions and benefits that is a bereavement payment, pharmaceutical allowance, rent assistance or remote area allowance, or language, literacy and numeracy supplement.

- Disability support pension paid by Centrelink to a person who is under age-pension age
- Wife pension where both the recipient and their partner are under age-pension age or the recipient is under the age-pension age and their partner has died
- Carer payment under Part 2.5 of the *Social Security Act 1991*
- Pension for defence, peacekeeping or war-caused death or incapacity or any other pension granted under Part II or Part IV of the *Veterans' Entitlement Act 1986*
- Invalidity service pension where the veteran is under age-pension age
- Partner service pension where either:
 - the partner and the veteran are under the age-pension age and the veteran is receiving an invalidity service pension, or
 - the partner is under age-pension age, the veteran has died and was receiving an invalidity service pension at the time of death
- Income support supplement paid under Part IIIA of the *Veterans' Entitlements Act 1986*
- Defence Force income support allowance payable to you on a day when the whole of your social security pension or benefit, which is also payable to you on that day, is exempt from income tax under section 52-10 of the *Income Tax Assessment Act 1997*
- A special rate disability pension under Part 6 of Chapter 4 of the *Military Rehabilitation and Compensation Act 2004*

- A payment of compensation under section 68, 71 or 75 of the *Military Rehabilitation and Compensation Act 2004*
- A payment of compensation mentioned in paragraph 234(1)(b) of the *Military Rehabilitation and Compensation Act 2004*

If you are not sure whether a government pension or benefit you have received is a tax-free government pension or benefit for the purpose of this question, go to www.ato.gov.au and enter 'Income tests and how they affect you' in the Search for box at the top of the page, or phone **13 28 61**.

GLOSSARY**Spouse**

Your 'spouse' includes another person (whether of the same sex or opposite sex) who:

- you were in a relationship with that was registered under a prescribed state or territory law,
- although not legally married to you, lived with you on a genuine domestic basis in a relationship as a couple.

Child includes:

- your adopted child, stepchild or ex-nuptial child
- a child of your spouse, and
- someone who is your child within the meaning of the *Family Law Act 1975* (for example, a child who is considered to be a child of a person under a state or territory court order giving effect to a surrogacy agreement).

The following definitions are for key terms in questions **4** and **8**.

Foreign termination payment (FTP)

If you think you received a foreign termination payment (discussed at question **4**), the following description will help you decide what to do.

An FTP is a payment that:

- you received in consequence of the termination of your employment in a foreign country and the payment relates only to a period of employment when you were a foreign resident, or
- was not exempt from income tax in the foreign country, you were an Australian resident during the period of the employment or service, and you received the payment as a result of the termination of your
 - employment in a foreign country where the foreign earnings were exempt from Australian tax for the period of employment, or
 - qualifying service on an approved project and the eligible foreign remuneration was exempt from Australian tax during the period of engagement.

The payment is not an FTP if it is a superannuation benefit paid from a superannuation fund, retirement savings account or an approved deposit fund or if it is a payment of a pension or an annuity.

Foreign termination payments are non-assessable non-exempt income, that is, tax-free income. Do not show them anywhere on your tax return.

Late termination payment

A late termination payment is a lump sum payment, similar to employment termination payments (ETPs) referred to in question 4, which you received more than 12 months after the time you retired or ceased employment.

A late termination payment is treated as an ETP where:

- legal action about your entitlement to the ETP or about the amount of the ETP was commenced within 12 months of the termination of your employment, or
- the payment was made by a person who was appointed within 12 months of your employment termination as a liquidator, receiver or trustee in bankruptcy for the employer.

If these conditions are not met, and you received the payment more than 12 months after termination of your employment, then you must show the amount of the payment at item 1 on your tax return.

Transitional termination payment

A transitional termination payment is a payment to which 'transitional arrangements' apply. Transitional arrangements apply to an ETP:

- made to you on or after 1 July 2007, and
- to which you were entitled on 9 May 2006 under
 - a written contract
 - an Australian or foreign law (or an instrument under such a law), or
 - a workplace agreement under the *Fair Work Transitional Provisions and Consequential Amendment Act 2009*.

The contract, law or agreement should specify the amount of the payment or a way to work out the specific amount of the payment.

For more information, see the electronic publication *Employment termination payments – transitional arrangements* (NAT 70644) available at www.ato.gov.au

Directed termination payment

A transitional termination payment can, at your request, be paid by your employer to a complying superannuation fund or to purchase a superannuation annuity. These payments are called directed termination payments.

These payments are non-assessable non-exempt income, that is, tax-free income. Do not show directed termination payments anywhere on your tax return.

Death benefit employment termination payment (ETP)

A death benefit ETP is a lump sum payment which is paid to you because you are the beneficiary of a person who has died. If the ETP was paid to you as the trustee of a deceased estate, you must show the ETP on the tax return of the deceased estate, not on your personal tax return.

If you received a death benefit ETP from a deceased person's employer, the information provided on your *PAYG payment summary – employment termination payment* will depend on whether you were a **death benefits dependant** (see the definition below).

If you were a death benefits dependant, the payment summary will show only the taxable components of the ETP over \$160,000. If you were not a death benefits dependant, the payment summary will show the entire taxable component of the ETP.

Death benefits dependant

You are a death benefits dependant of the deceased if, at the time they died, you were:

- the surviving spouse
- a former spouse
- a child of the deceased and you were under 18 years old
- any other person who was financially dependent on the deceased, or
- any other person in an **interdependency relationship** with the deceased (see the definition on the next page).

For question 8, you are also a death benefits dependant when you receive a superannuation lump sum payment because a member of the Australian Defence Force or of an Australian police force, including the Australian Protective Service, died in the line of duty.

If you disagree with the dependency status shown on your payment summary, you should discuss it with the payer.

For the purposes of the definition of death benefits dependant the following apply:

- **Spouse** of the deceased includes another person (whether of the same or opposite sex):
 - with whom the deceased was in a relationship that was registered under a prescribed law of a state or territory
 - not legally married to the deceased person, who lived with the deceased on a genuine domestic basis in a relationship as a couple.

■ **Child** of the deceased includes:

- an adopted child, stepchild or ex-nuptial child of the deceased
- a child of the deceased's spouse
- someone who is a child of the deceased within the meaning of the *Family Law Act 1975* (for example, a child who is considered to be a child of a person under a state or territory court order giving effect to a surrogacy agreement).

Interdependency relationship

An interdependency relationship exists if there is a close personal relationship between two persons and the following conditions are met:

- they live together and
- one or each of them provides the other with financial support, domestic support and personal care.

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

However, two persons do not have an interdependency relationship if one of them provides domestic support and personal care to the other:

- under an employment contract or a contract for service, or
- on behalf of another person or organisation such as a government agency, a body corporate or a benevolent or charitable organisation.

Terminal medical condition

You have a terminal medical condition if both the following circumstances are met:

- two registered medical practitioners (with at least one being a specialist practising in the area related to the illness or injury) have certified that you suffer an illness or have incurred an injury that is likely to result in your death within a 12-month period
- each of the certificates is less than 12 months old.

Superannuation lump sum payments paid to you are tax free if you have a **terminal medical condition** and, at the time of payment, or within 90 days of receiving payment, you have the required medical certificates stating that you have a terminal medical condition. You should not have received a PAYG payment summary for these payments.

If you received such a payment and tax was withheld, you can get a refund of the tax.

For information about how to get the refund and for further information about these payments,

see *Accessing your super if you have a terminal medical condition* (NAT 72437) available at www.ato.gov.au

Low-rate cap for taxable components of superannuation lump sum payments

This concession applies only to superannuation lump sums paid to you when you are 55 to 59 years old, that is, when you have reached your preservation age (55 years old) but before you turn 60 years old.

The low-rate cap is the maximum amount of taxable components (taxed and untaxed elements) that can be taxed at a concessional lower rate.

For 2010–11, the low-rate cap is \$160,000, but it could be less for you if before July 2010 you received a superannuation lump sum after your 55th birthday.

The low-rate cap is a 'lifetime' limit. This means that the **taxed element** and **untaxed elements** of **all** superannuation lump sum payments that you receive when you are 55 to 59 years old will be taxed at a concessional rate until their total reaches the low-rate cap amount. Payments you receive in excess of the low-rate cap will be taxed at the tax rate shown in **table 1** on page 118.

Consequently, for 2010–11 the maximum amount for which you can be taxed at a concessional rate is \$160,000 less any amount to which the concessional tax rate has previously been applied.

Untaxed-plan cap for untaxed elements

The untaxed-plan cap is the maximum amount of the untaxed elements of your superannuation lump sum payments which will be subject to concessional tax rates.

For 2010–11, the untaxed-plan cap is \$1.155 million. The cap is indexed to average weekly ordinary time earnings (AWOTE) and rounded down to the nearest multiple of \$5,000. See **Key superannuation rates and thresholds** available at www.ato.gov.au

There is a separate untaxed-plan cap for each superannuation fund you have. This means that, for each fund, the untaxed elements which make up your superannuation payments will be taxed at a concessional rate until these untaxed elements reach the untaxed-plan cap amount (\$1.155 million plus future indexed increases). Amounts above this limit are taxed at the top marginal rate.

If you roll over an amount from one superannuation fund to another, any untaxed element that is part of that amount will count towards the untaxed-plan cap for the fund from which the amount was rolled over.

Important information

OUR COMMITMENT TO YOU

We are committed to providing you with accurate, consistent and clear information to help you understand your rights and entitlements and meet your obligations.

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

If you make an honest mistake in trying to follow our information in this publication and you owe us money as a result, we will not charge you a penalty. However, we will ask you to pay the money, and we may also charge you interest. If correcting the mistake means we owe you money, we will pay it to you. We will also pay you any interest you are entitled to.

If you feel that this publication does not fully cover your circumstances, or you are unsure how it applies to you, you can seek further assistance from us.

We regularly revise our publications to take account of any changes to the law, so make sure that you have the latest information. If you are unsure, you can check for more recent information on our website at **www.ato.gov.au** or contact us.

This publication was current at **May 2011**.

WHO CAN COMPLETE YOUR TAX RETURN?

You can get someone else to complete your tax return for you.

- A **family member or friend** can help you but they cannot charge you a fee. You must still sign it and you are still legally responsible for the accuracy of the information.
- **Tax Help** is a free service provided by community volunteers trained to help people on low incomes prepare their tax returns.

LODGE YOUR TAX RETURN BY 31 OCTOBER 2011

You have until 31 October 2011 to lodge your tax return, unless we have allowed you to lodge it late, or you have a later due date when a registered tax agent prepares your tax return.

If you cannot lodge your tax return by 31 October 2011 contact us as soon as possible, and certainly before 31 October 2011, to find out whether you can lodge at a later date.

Failure to lodge on time penalty

We may apply a penalty for failure to lodge on time if your tax return is not lodged by the due date.

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

- you lodge your tax return voluntarily, and
- no tax is payable.

WHERE TO SEND YOUR TAX RETURN

Within Australia

If you decide to lodge a paper tax return, you can use the pre-addressed envelope provided to send it to us, or send it to:

Australian Taxation Office
GPO Box 9845
IN YOUR CAPITAL CITY

Do not replace the words IN YOUR CAPITAL CITY with the name of your capital city and its postcode – they are not needed because of a special agreement with Australia Post.

From overseas

You can lodge your tax return online using *e-tax* – go to **www.ato.gov.au** for more information. Most refunds are issued within 14 days and you have the option to use the pre-filling service which downloads information reported to the ATO directly to your tax return.

Alternatively, you can lodge a paper tax return and use the pre-addressed envelope to send it to us. Change the address by crossing out **IN YOUR CAPITAL CITY** and replace with **SYDNEY NSW 2001, AUSTRALIA**.

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

IF YOU MADE A MISTAKE OR NEED TO AMEND YOUR TAX RETURN

If you realise that you did not include something on your tax return that you should have, or you made a mistake, you need to correct it as soon as possible by requesting an amendment.

You can request an amendment by completing the *Request for amendment of income tax return for individuals* form. This form is available from the ATO website at **www.ato.gov.au** under 'Fix a problem', then 'Correct a mistake in your tax return'.

Alternatively, you can write a letter to us. In the letter provide:

- your name, address, phone number and tax file number
- the year shown on the tax return you want to amend – for example, 2011
- the tax return item number and description affected by the change
- the amount of income or deductions to be added or taken away, if relevant
- the amount of tax offsets to be increased or decreased, if relevant
- the relevant claim type code, if applicable to the item being changed
- an explanation of why you made the mistake
- any additional information, if applicable, to the item being changed, and
- a signed and dated declaration – 'I declare that all the information I have given in this letter, including any attachments, is true and correct.'

It is very important that your letter explains why you made the mistake or the reason for the change, so that we can correctly assess any penalty or interest charge.

Post your letter and attachments to:

Australian Taxation Office
GPO Box 3004
Penrith NSW 2740

Keep a copy for your records.

Do not send another tax return unless we ask you to.

If, after lodging your tax return, you voluntarily tell us that you made a mistake and an amendment will result in you paying more tax, the amount of penalty that may otherwise have been imposed will, in most cases, be reduced. In most cases you must lodge your request for an amendment within two years of the date the Commissioner issued your notice of assessment.

YOUR RIGHT TO COMPLAIN

If you are dissatisfied with a particular decision we have made, or with one of our services or actions, you have the right to complain.

We recommend that you first try to resolve the issue with the tax officer you have been dealing with, or phone the 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 **1800 199 010**.

You can also make a complaint:

- by writing to:
Complaints
Australian Taxation Office
PO Box 1271
Albury NSW 2640
- online at **www.ato.gov.au**
- by sending a FREEFAX on **1800 060 063**.

THE COMMONWEALTH OMBUDSMAN

If you are not satisfied with our decisions or actions, you can raise the matter with the Commonwealth Ombudsman.

The Commonwealth Ombudsman's office can investigate most complaints relating to tax administration and may recommend that we provide a solution or remedy to your problem. Investigations are independent, private, informal and free of charge.

You can contact the Commonwealth Ombudsman's office by:

- visiting their website at **www.ombudsman.gov.au**
- phoning **1300 362 072**
- sending an email to
ombudsman@ombudsman.gov.au or
- writing to:
The Commonwealth Ombudsman
GPO Box 442
Canberra ACT 2601

THE PRIVACY COMMISSIONER

The Privacy Commissioner receives complaints under the *Privacy Act 1988* and the tax file number guidelines issued under the Act. You can contact the Privacy Commissioner by:

- visiting their website at **www.privacy.gov.au**
- phoning the privacy hotline on **1300 363 992** or
- writing to:
The Privacy Commissioner
GPO Box 5218
Sydney NSW 2001

PRIVACY AND ACCESS TO INFORMATION

Collecting your tax information

We are authorised by the *Taxation Administration Act 1953* to ask for your TFN. It is not an offence not to provide your TFN. However, your assessment may be delayed if you do not provide your TFN.

We are authorised by the taxation and superannuation laws, including the *Income Tax Assessment Act 1936*, the *Income Tax Assessment Act 1997*, *A New Tax System (Australian Business Number) Act 1999* and the *Superannuation (Unclaimed Money and Lost Members) Act 1999* to ask for the other information on this tax return. We need this information to help us to administer the taxation and superannuation laws.

Who can we give your tax information to?

We can give your tax information to some government agencies and non-government organisations specified in the taxation and superannuation laws, for example:

- benefit payment agencies such as Centrelink, the Department of Education, Employment and Workplace Relations, and the Department of Families, Housing, Community Services and Indigenous Affairs
- law enforcement agencies such as state and federal police
- other agencies such as the Child Support Agency (CSA) and the Australian Bureau of Statistics
- superannuation funds.

This disclosure is usually to check eligibility for government benefits, for law enforcement purposes, for collecting statistics or for the purpose of reuniting lost members with their superannuation accounts. The CSA may use the information you give us to assess or collect child support. If you receive a refund cheque with your notice of assessment, we also provide details of your refund to the Reserve Bank of Australia to assist in clearing your cheque. Information you provide on your tax return may also be used to update the Australian Business Register (ABR).

We can also disclose your information in performing our duties under the tax law. Otherwise we can only give your information to you or someone appointed to act for you.

Australian Business Register

The Commissioner of Taxation is the Registrar of the ABR. We may use information you provide on your tax return to update the ABR. For example we may use the information to update your trading name, industry classification and main business address.

To help business and government interact more easily the Registrar may disclose information from the ABR to other Commonwealth, state, territory and local government agencies.

You can find details of the government agencies regularly receiving information from the ABR on the internet at **www.abr.gov.au** or you can phone **13 28 66** between 8:00am and 6:00pm Monday to Friday and ask for a list of agencies to be emailed, faxed or posted to you.

These agencies may use ABR information for purposes authorised by their legislation or for carrying out their other functions. Examples of possible uses include registration, reporting, compliance, validation and updating of databases.

How do we protect your tax information?

The tax laws contain secrecy provisions that prohibit any officer of the ATO (including employees and contractors) or any other government agency from improperly accessing or disclosing any information you provide on your tax return. These provisions only allow officers to disclose your tax information in the performance of their duties and in certain other specified circumstances.

In addition, the *Privacy Act 1988* protects personal information held by federal government agencies. It also protects TFNs, no matter who holds them.

More information

PUBLICATIONS

To get publications, taxation rulings, practice statements and forms referred to in *TaxPack 2011* you can:

■ **go to our website** www.ato.gov.au/publications

■ **phone our Publications Distribution Service 1300 720 092**

Before you phone, check whether there are other publications you might need. This will save you time and help us. For each publication you order, quote the full title printed in *TaxPack 2011*. An automated self-help publications ordering service is available 24 hours a day, every day where you know the title of the publication. Alternatively, you can speak to an operator between 8.00am and 6.00pm Monday to Friday.

■ **visit an ATO shopfront.**

For our shopfront addresses go to our website. Phone **13 28 61** for an appointment.

WEBSITE

Go to our website at www.ato.gov.au for information on anything that you read in *TaxPack 2011*.

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

PHONE

If you have an enquiry about your tax, phone the relevant phone line below. Make sure you have *TaxPack 2011* handy when you phone us.

We can offer a more personalised service if you provide your tax file number (TFN) and have your last notice of assessment with you when you phone us.

If you require access to your ATO records you will be asked to prove your identity by providing your TFN and either details from your last notice of assessment or some personal details.

Our phone lines are open Monday to Friday 8.00am to 6.00pm except where otherwise indicated. Our automated services are available 24 hours a day, every day of the year.

You can find a list of our phone lines in your White Pages.

Phoning from overseas

If you are phoning us from overseas, phone **+61 2 6216 1111** during our business hours, 8.30am to 4.45pm (Australian Eastern Standard or daylight-saving time) Monday to Friday. Note that our phone numbers may not work from all countries.

You can also fax us: **+61 2 6216 2830**

Individual **13 28 61**

Phone between 8.00am and 6.00pm Monday to Friday. You can enquire about the following subjects from this service:

- **e-tax** – our free online tax preparation and lodgment software
- **pay as you go (PAYG)**, including instalment activity statements

- student loan schemes (HELP and SFSS)
- capital gains, rental income, foreign income and other questions in *TaxPack 2011 supplement*
- notice of assessment
- your income tax account, such as personal details, payment arrangements and lost refund cheques, lodgment and queries about questions in *TaxPack 2011*
- binding oral advice.

Business 13 28 66

Complaints 1800 199 010
Fax (FREECALL) **1800 060 063**

EFT 1800 802 308
For enquiries about direct deposit of your tax refund

Family Assistance Office (FAO) 13 61 50

Superannuation 13 10 20

Aboriginal and Torres Strait Islander 13 10 30
Specialises in helping Indigenous clients with their personal tax matters

ATO personal self-help 13 28 65

Our automated phone service is available 24 hours a day, every day, so you can:

- check the progress of your refund
- find lost superannuation
- make an arrangement to pay a tax debt
- lodge your application for a refund of franking credits
- lodge your application for a baby bonus
- lodge your application for the education tax refund.

Note: Although providing your TFN is voluntary, you need to quote your TFN to use these self-help services (except publications ordering).

People with a hearing, speech or vision impairment

If you are deaf or have a hearing or speech impairment, you can phone us through the **National Relay Service** on the numbers listed below, and ask for the ATO number you need:

- TTY users, phone **13 36 77**. For ATO 1800 free call numbers, phone **1800 555 677**.
- Speak and Listen (speech to speech relay) users, phone **1300 555 727** and ask for the ATO number you need. For ATO 1800 free call numbers, phone **1800 555 727**.
- Internet relay users, connect to the NRS at www.relayservice.com.au

For information about *TaxPack 2011* in accessible formats for the vision impaired, go to the outside back cover.

To report tax evasion confidentially
Phone (FREECALL) **1800 060 062**

Fax (FREECALL) **1800 804 544**

Go to our website www.ato.gov.au/reportevasion
Mail Locked Bag 6050, Dandenong VIC 3175

E-tax 2011

Prepare your tax return on a computer, using screen reader software, and lodge online. You will need the internet and screen reader or screen magnification software. We recommend that you use a Microsoft operating system. Download e-tax from the ATO website at **www.ato.gov.au**