Taxation Statistics 1995–96

a summary of taxation, superannuation and child support statistics

Australian Taxation Office

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Preface

Welcome to the latest edition of *Taxation Statistics*, a publication which provides an overview of the statistics available from the Tax Office.

Taxation Statistics 1995–96 presents a profile of the income and taxation status of Australian individuals and companies, using information from income tax return forms. It also presents information about the Superannuation system as well as a profile of the Child Support Agency and its clients.

This year the content and structure of the publication have been revised. Large complex tables have been replaced with smaller summary tables, and graphs have been used to illustrate some of the main issues and trends. In addition, text has been included in the form of background information and analysis of some of the main issues underlying the numbers.

The first chapter of the publication presents an overview of the Australian taxation system. It outlines the various taxes that the Tax Office collects and discusses the programs that the Tax Office has introduced to increase its service to taxpayers. The second chapter presents an overview of taxation in the 1995–96 financial year, outlining some of the main issues, challenges and achievements. The remaining chapters present statistics and analysis relating to specific market segments or types of taxes.

Once again, a CD-ROM is included with the publication. The CD-ROM contains an electronic copy of the publication and a series of detailed tables. Any tables that have been removed from the publication can be found on the CD-ROM, along with a range of additional information. The CD-ROM tables are presented in a range of formats such as PDF, Supercross and Excel.

For the first time, the publication and extra tables will be loaded onto ATO*assist* — the Tax Office Internet site. It can be found at www.ato.gov.au.

We'd like to know what you think of these changes. Please take a moment to fill in the attached questionnaire. Your suggestions will be considered when producing future editions.

We hope you enjoy the publication.

Michael Carmody
Commissioner of Taxation
Child Support Registrar

Symbols and usages

The following symbol used in this publication means:

n.a. not applicable

Where figures have been rounded, discrepancies may occur between the sums of the component items and totals.

Enquiries about these statistics

General enquiries about the content and interpretation of statistics in this publication, or about the availability of related data, should be directed to:

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The Australian Taxation System

Australian law requires that we pay taxes and other charges at federal, state, territory and local government levels in order to fund a range of government programs and community health services.

Australia's income tax system is based on the principle of 'self-assessment'. Prior to self-assessment, all tax returns were individually reviewed before a notice of assessment was issued. This was a very labour intensive process with reviews relying completely on the information contained in the return forms.

The system of self-assessment addresses these inefficiencies. Tax return forms are generally accepted at face value and are not individually reviewed. To support this approach, enhanced post-assessment audit processes have been introduced and systematic, computerised income checks for interest and certain other sources of income have been strengthened.

All taxpayers are allocated a tax file number (TFN). The TFN is used to detect non-disclosure of income and for 'matching' of income details in tax returns with information provided from other sources. The quoting of TFNs is used for both salary and wage income and investment income. Failure to quote a TFN may result in tax being deducted from the payment at the top marginal tax rate.

The Australian Taxation Office

The main functions of the Australian Taxation Office are to administer taxation legislation, the Child Support Scheme, and the Higher Education Contribution Scheme (HECS), and to support the provision of retirement income. The Tax Office's client base encompasses approximately 11 million individuals, businesses and public sector agencies.

The Tax Office also works with other departments on policy matters relating to taxation, child support, superannuation and HECS. When policy is determined by Government, the Tax Office instructs Parliamentary Counsel in the preparation of necessary legislation. The main areas of legislation administered by the Tax Office are Income tax, Fringe Benefits tax, Sales tax, Child Support, Higher Education funding, Medicare Levy, Superannuation Guarantee, and small superannuation accounts.

Structure of the Tax Office

The Tax Office is structured around groups of clients into divisions known as business lines and service lines. Each business line is responsible for a major market segment such as individuals, small business and large business. The service lines provide internal support duties such as information technology, marketing and communication, and human resource management.

Business lines

The *Individuals Non-Business* (INB) business line is responsible for establishing individual client liabilities (other than for the very wealthy), securing lodgment of income tax returns and payment of taxes from non-complying clients. INB also has many major corporate functions and roles including tax agent liaison, provision of a general enquiries service via telephone and branch office enquiry counters, returns processing, income tax refunds, tax file numbers and income matching.

The *Small Business Income* (SBI) business line is responsible for administering the income tax system for all business taxpayers with annual gross turnovers of less than $10 million. It is also responsible for fringe benefits tax matters for all taxpayers. SBI's purpose is to ensure that small business participants and taxpayers with fringe benefits tax responsibilities are complying with the tax laws at minimum cost to their businesses.

The *Large Business and International* (LB&I) business line is responsible for the income tax affairs of clients with turnovers greater than $10 million and associated high wealth individuals. It also has general responsibility for international issues. LB&I's work is divided into seven industry segments: Banking and Finance, Insurance and Superannuation, Mining and Petroleum, Manufacturing, Media and Communications, Property and Construction, and Services.

The *Withholding and Indirect Taxes* (WHT) business line is responsible for managing the pay-

as-you-earn and prescribed payments collection systems. It is also responsible for administering sales tax, wool tax, non-resident interest, dividend and royalty tax, resident and mining withholding taxes, and the tobacco charge.

The *Superannuation* group is responsible for administering the Superannuation Guarantee, Reasonable Benefits Limits, and Superannuation Holding Accounts Reserve systems. It is also responsible for relevant Tax Office superannuation policy, and improving the Tax Office's client focus in superannuation matters through the superannuation community education campaign.

The *Child Support Agency* (CSA) was established within the Tax Office to administer the Child Support Scheme. Under the scheme, maintenance payable to spouses and children under court orders or maintenance agreements, may be deducted from an employee's salary or wages. The CSA also assesses the amount of child support payable and collects these amounts.

Legislative Services (LS) is responsible for supporting the business lines in applying and developing the law. LS is also responsible for implementing the Government's legislative program.

Tax Counsel and Practice Management (TC&PM) works with the business lines to clarify and develop the law, make the law less costly to comply with, and communicate the law to others through rulings, publications, advice and litigation.

Service lines

Information Technology Services (ITS) provides the Tax Office with a wide range of computing products and services. Staff plan, design, acquire, install and operate the Tax Office's information technology infrastructure throughout Australia.

Financial Services (FS) has overall responsibility for the effectiveness and efficiency of financial management and accountability systems in the Tax Office.

Corporate Services (CS) is responsible for advising Tax Office corporate management on corporate strategy, policy and compliance with corporate obligations.

Types of taxes

The Tax Office is responsible for collecting a wide variety of taxes.

Income tax

Income tax makes up the greatest component of the federal revenue base.

While some types of income are exempt from tax, and certain categories of people or entities need not pay tax, in general residents of Australia are liable for tax upon their world-wide income and others are liable upon their income with an Australian source.

In calculating a person's income tax liability for any year, they must first calculate their 'assessable income'. This comprises salary and wages, interest payments etc., and can also comprise amounts other than those generally understood as being income. Some types of net capital gains are included under this extended meaning. The next step is to deduct allowable deductions in order to calculate the 'taxable income'. The taxation rates imposed by Parliament are applied to this figure to identify a gross tax figure. Finally, the amount of any credits and rebates are subtracted in order to determine the tax liability. This basic system applies across the board — to individuals, partners, companies and trustees — although the particular form can vary significantly.

A different system of income tax calculation applies to non-residents in receipt of dividends, interest or royalties from an Australian source. In these circumstances international withholding taxes apply. The gross amounts of income are subject to a relatively low tax rate, and this constitutes the only liability for the taxpayer in respect of that income.

The *pay-as-you-earn (PAYE) collection system* applies to employees. Employers are required to deduct a prescribed proportion of their employees' wages or salary each pay period and forward it to the Tax Office. At the end of the financial year, the amounts paid are applied against the tax liability.

The *prescribed payments system (PPS)* applies across a wide range of industries to people who contract their services. Contractors must complete a payee declaration form, and the payer is then responsible for deducting tax and forwarding it to the Tax Office.

The *reportable payments system (RPS)* applies to the fishing, clothing, smash repair and fruit and vegetable industries. Wholesale buyers from these industries are required to report details of any payments to the Tax Office at the end of the financial year.

The *provisional tax system* applies to individuals' business and investment income. An estimate of the anticipated income is made during the course of the financial year and an amount equal to the tax that would be payable upon that amount is paid to the Tax Office. Payment adjustments to reflect the actual amount earned are made when the return is lodged after the end of the year.

The *company tax system* works on the same principles as provisional tax. Company tax is calculated on taxable income, which is the income earned by the company less any allowable deductions. Companies are required to pay their tax in either four instalments or in one single payment, depending on their likely tax for the year. A company's likely tax is based either on the tax paid in the previous year or on an estimate lodged with the Tax Office by the taxpayer.

Fringe benefits tax

Fringe benefits tax (FBT) is levied upon employers and based upon the value of certain non cash benefits provided to their employees or associates of their employees. It is complementary to the income tax system, but varies markedly in that it is not the benefit recipient who bears the tax liability.

Sales tax

Sales tax is imposed on goods imported into Australia and goods which are manufactured and go into consumption in Australia. The tax is imposed on the wholesale selling price of the goods.

Other taxes and charges

The Tax Office is also responsible for a number of other taxes and charges including the Tobacco charge and the Petroleum Resource Rent tax.

Client services

The Tax Office has a range of client service initiatives in place to ensure that people can meet their tax obligations at the lowest possible cost.

TaxPack

For the past seven years the Tax Office has issued *TaxPack*, an instruction book which provides taxpayers with information to enable them to complete their income tax returns. The aim of *TaxPack* is to assist taxpayers to fulfil their tax obligations while informing them of their rights and responsibilities.

TaxPack is designed to provide relevant tax information for salary and wage earners, small business people, pensioners, students, and people with investment income. It also reminds taxpayers of the role of tax agents and professional tax advisers. The Tax Office reviews *TaxPack* annually to make sure the information it contains is current and that taxpayers are given a high level of assistance when completing their tax returns.

ATO*assist*

ATO*assist* is the Tax Office's Internet site. It provides access to all new and current Tax Office rulings and determinations, current Tax Office publications, draft legislation and discussion papers, work being done on Tax Office projects, and general information on tax matters. In the future ATO*assist* will offer access to a range of assistance tools helping people to calculate Capital Gains Tax, Tax Instalment Deductions and HECS. It will also give people access to electronic forms. The address of the site is www.ato.gov.au. This edition of *Taxation Statistics* is on ATO*assist*.

TaxPayers' Charter

The TaxPayers' Charter is a service charter that sets out taxpayers' rights and obligations, as well as the Tax Office's service standards.

The development of the Charter was one of the recommendations of the Joint Committee of Public Accounts (JCPA) in its 1993 enquiry into the Tax Office's administration of the *Income Tax Assessment Act*. The JCPA expressed concerns about the perception of the balance of power between the Tax Office and the community, and

it recommended that the Charter be developed to redress this balance. The Charter came into effect on 1 July 1997.

Problem Resolution Service

In conjunction with the TaxPayers' Charter, the Tax Office launched the Problem Resolution Service (PRS) for those taxpayers who are not satisfied with the service provided to them. The role of the PRS is to provide an independent entry point to the Tax Office for people who have a complaint. As well as solving the individual's problem, the PRS will investigate whether there is something behind the problem that needs to be fixed, to ensure it doesn't happen again.

Tax Help

Tax Help is a free and confidential service for people on a low income. Volunteers are trained by the Tax Office to explain people's tax obligations and assist them in preparing their tax return. Tax Help centres are located throughout the metropolitan area of each state and in many country areas.

Other services

The Tax Office produces a range of publications and brochures to help people understand their tax obligations. These range from explanations of a specific tax to summaries explaining the tax issues to consider when starting a business. Many of these publications are available by phoning or visiting the Tax Office. They are also available on ATO*assist*.

The Tax Office also has a national enquiries phone service. Enquiries staff take about 15,300 calls per day between 1 July and 31 October, and around 10,000 per day for the rest of the year, on a range of taxation issues. To use this service phone 13 28 61. The Tax Office also has enquiry counters in many branches for those people who would like to come in and talk to somebody face to face. These services are available between 8.30 a.m. and 4.45 p.m., Monday to Friday.

A wider range of information on general Tax Office administration and arrangements can be found in the Commissioner of Taxation's *Annual Report*. This is published in October each year, and can be found in AGPS bookshops, a range of libraries and on ATO*assist*.

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Overview of 1995–96

1995–96 was a year of significant development and achievement for the Tax Office. Child support operations improved, continuing the trend established the previous year. In addition, the Tax Office continued to work closely with the community to deliver on increasing responsibilities in support of retirement income.

At the same time, many challenges emerged to the way the Tax Office currently collects taxation. These challenges include threats caused by the internationalisation of business operations, aggressive tax planning, reactions to complexity in tax laws, concerns about the tax burden of salary and wage earners, beliefs that compliance costs are too high, and perceptions that the odds are against the taxpayer or child support client in their dealings with the Tax Office.

To deal with these threats, the Tax Office is taking a risk management approach to its business dealings. In addition, the Tax Office is taking advantage of electronic service delivery to modernise processing and collection systems, developing its already substantial technical skills, promoting international co-operation through the OECD and with other taxation authorities, working to lower compliance costs, promoting the Taxpayers' Charter and the Child Support Clients' Charter, delivering the Taxation Law Improvement Project, and ensuring extensive community consultation and involvement in many of its activities.

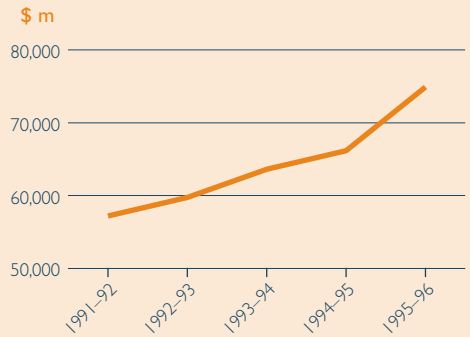
Through these activities, the Tax Office is aiming to increase revenue, while reducing both administrative and compliance costs. In addition, it is also committed to being accountable to its clients, and providing quality client service.

Taxation Statistics coverage

This publication contains statistics based primarily on the tax returns lodged for individuals, companies, funds, partnerships and trusts for the 1995–96 income year. It also contains statistics for Fringe Benefits tax, Sales tax, PAYE and PPS collections during the 1996–97 financial year.

Net tax

Figure 2.1: Amount of net tax[1]



1. Refers to net tax payable in each income year by individuals, companies, funds, partnerships and trusts. It excludes data for financial year collections, such as Sales tax and Fringe Benefits tax.

For the 1995–96 income year, $74.9 billion in net tax was payable by individuals, companies, funds, partnerships and trusts. Most of this, $56.3 billion, was from individuals. A further $16.4 billion came from companies.

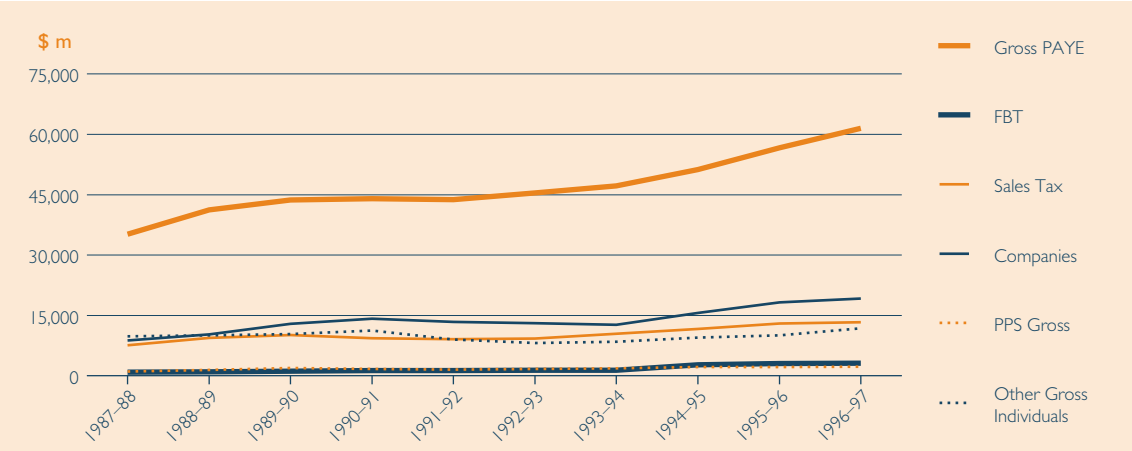
In 1995–96, 7.3 million individual taxpayers received tax refunds. All together these totalled $8.1 billion, an average of $1,113 each. At the same time, 1.9 million individual taxpayers had a tax debt. These debts totalled $3.5 billion, an average of $1,881 each.

The main source of revenue is PAYE tax, accounting for $61.5 billion in the 1996–97 financial year. PAYE has been the main source of revenue during the past ten years.

Table 2.1: Type of taxpayer by business line, 1995–96

Type of taxpayer	INB	SBI	LB&I	Total
	no.	no.	no.	no.
Individuals	7 601 289	2 249 367	865	9 851 521
Companies	n.a.	505 198	24 432	529 630
Funds	n.a.	125 128	435	125 563
Partnerships	66 462	497 458	341	564 261
Trusts	147 834	248 597	1 579	398 010
Total	**7 815 585**	**3 625 748**	**27 652**	**11 468 985**

Figure 2.2: Sources of revenue



Number of taxpayers

In 1995–96, there were approximately 11.5 million taxpayers. Most of these (86%) were individuals. This was followed by partnerships and companies (5% each).

While individuals accounted for 86% of all taxpayers, they were only liable for 75% of net tax. In contrast, companies accounted for only 5% of all taxpayers, yet they were liable for 22% of net tax.

The individuals non-business (INB) business line had 7.8 million clients, the small business income (SBI) business line had 3.6 million clients and the large business and international (LB&I) business line had more than 27,600 clients.

The total number of taxpayers has increased by 8% during the last five years, from 10.6 million in 1991–92 to 11.5 million in 1995–96.

The greatest rate of increase occurred for funds (67%). There was also a 34% increase in the number of companies and a 33% increase in the number of trusts. The lowest rate of increase was among individuals (6%). This reflects population and employment trends during the period.

Figure 2.3: Number of taxpayers

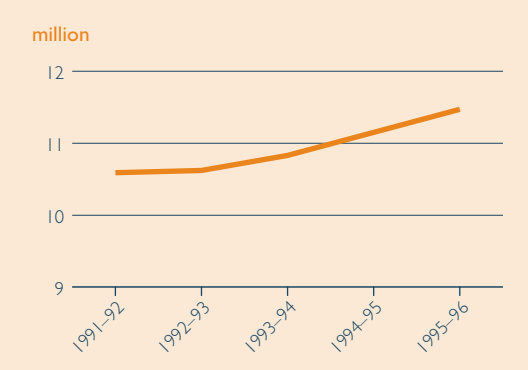


Table 2.2: Number of taxpayers

Type of taxpayer	1991–92	1995–96	Increase
	no.	no.	%
Individuals	9 288 826	9 851 521	6.1
Companies	394 447	529 630	34.3
Partnerships	539 993	564 261	4.5
Trusts	300 320	398 010	32.5
Funds	75 076	125 563	67.2
Total	**10 598 662**	**11 468 985**	**8.2**

Industry

In 1995–96, of those taxpayers whose industry was known, the majority (53%) were classified as salary and wage earners. However this mainly refers to individual taxpayers who are not required to identify their industry on their tax return. A further 14% were in the property industry and 5% were in the finance, insurance, real estate and business services industry.

The industry profile of individual taxpayers showed a similar trend. Most individuals (71%) were salary and wage earners, and a further 17% were in the property industry. The primary production industry accounted for 4% of individual taxpayers.

The main industry groups were quite different among companies, partnerships and trusts. Half of all companies were in the finance, insurance, real estate and business industry. A further 9% each

Table 2.3: Taxpayers[1] by entity and industry

Industry	Individuals	Companies	Partnerships	Trusts	Total
	no.	no.	no.	no.	no.
Salary and wages	6 023 170	0	0	0	6 023 170
Property	1 444 040	0	44 315	105 877	1 594 232
Finance, insurance, real estate & business services	135 117	241 822	54 618	91 485	523 042
Primary production	315 362	14 104	143 163	20 546	493 175
Construction	170 483	45 815	84 192	17 155	317 645
Retail trade	79 715	43 693	77 584	23 406	224 398
Manufacturing	54 517	38 356	30 412	10 960	134 245
Transport & storage	42 514	18 010	27 059	5 960	93 543
Personal & other services	55 643	12 841	18 863	5 802	93 149
Health & community services	57 418	20 835	7 539	6 673	92 465
Wholesale trade	16 129	26 629	13 998	7 831	64 587
Accommodation, cafes & restaurants	8 742	10 729	15 602	6 333	41 406
Cultural & recreational services	29 702	5 543	4 145	1 263	40 653
Sport	14 182	4 134	4 470	1 398	24 184
Communication services	14 658	2 111	4 159	708	21 636
Mining	2 803	3 348	1 164	561	7 876
Water, sewerage & drainage	472	293	284	87	1 136
Electricity supply	263	197	115	47	622
Gas supply	88	106	72	34	300
Not stated	1 386 503	41 064	32 507	91 884	1 551 958
Total	**9 851 521**	**529 630**	**564 261**	**398 010**	**11 343 422**

1. Excludes funds.

were in the construction and retail trade industries.

Among partnerships, the most common industry was primary production, accounting for 27% of all taxpayers. This was followed by construction (16%) and retail trade (15%).

Among trusts, the most common industry was property (35%), followed by finance, insurance, real estate and business services (30%) and retail trade (8%).

In 1995–96 most INB clients, for whom industry was known, were salary and wage earners (78%). The greatest proportion of SBI clients were in the primary production and finance, insurance, real estate and business services industries (21% each). The greatest proportion of LB&I clients were in the finance, insurance, real estate and business services industry (50%).

In 1995–96, the industry groups are coded using the Australian and New Zealand Standard Industrial Classification (ANZSIC) system. In previous years the Australian Standard Industrial Classification (ASIC) system was used. Therefore, we are unable to do any time series analyses for industry because the industry groups are not comparable.

Table 2.4: Taxpayers[1] by business line and industry

Industry	INB	SBI	LB&I	Total
	no.	no.	no.	no.
Salary and wages	5 812 146	211 019	5	6 023 170
Property	1 566 400	27 771	61	1 594 232
Finance, insurance, real estate & business services	25 264	485 840	11 938	523 042
Primary production	4 046	488 734	395	493 175
Construction	1 349	315 633	663	317 645
Retail trade	1 737	220 919	1 742	224 398
Manufacturing	591	130 890	2 764	134 245
Transport & storage	361	92 506	676	93 543
Personal & other services	1 133	91 704	312	93 149
Health & community services	170	92 058	237	92 465
Wholesale trade	346	61 544	2 697	64 587
Accommodation, cafes & restaurants	696	39 979	731	41 406
Cultural & recreational services	99	40 280	274	40 653
Sport	81	23 967	136	24 184
Communication services	48	21 472	116	21 636
Mining	35	6 644	1 197	7 876
Water, sewerage & drainage	4	1 121	11	1 136
Electricity supply	1	564	57	622
Gas supply	2	264	34	300
Not stated	401 076	1 147 711	3 171	1 551 958
Total	**7 815 585**	**3 500 620**	**27 217**	**11 343 422**

1. Excludes funds.

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Individuals

Individual taxpayers may be clients of either the individuals non-business (INB), small business income (SBI) or large business and international (LB&I) business lines. If gross income is equal to or greater than $10 million, then the individual is a client of the LB&I business line. If gross income is less than $10 million and there is business income, then the individual is a client of the SBI business line. However, the majority of individual taxpayers (77%) are clients of the INB business line.

INB clients are those taxpayers who receive most of their income from salary and wages, Australian government pensions and benefits, or investments, and who do not have any business income or deductions. An individual is considered to have no business income if they do not have any of the following items in their income tax return:

- distribution from primary production;
- deductions from primary production distribution;
- a share of PPS or RPS credits;
- net business income — primary production;
- net business income — non-primary production;
- tax withheld on withdrawal of Income Equalisation Deposit;
- an Income Equalisation Deposit or Withdrawal;
- an industry code;
- an indication they have multiple businesses, have ceased business or have commenced business;
- a business postcode; or
- business or professional declaration items.

The data in this chapter refers to all individuals, including those with business income. However, it does not include any analysis of their business income or deductions. This analysis can be found in the 'Small Business' and 'Large Business' chapters of this publication.

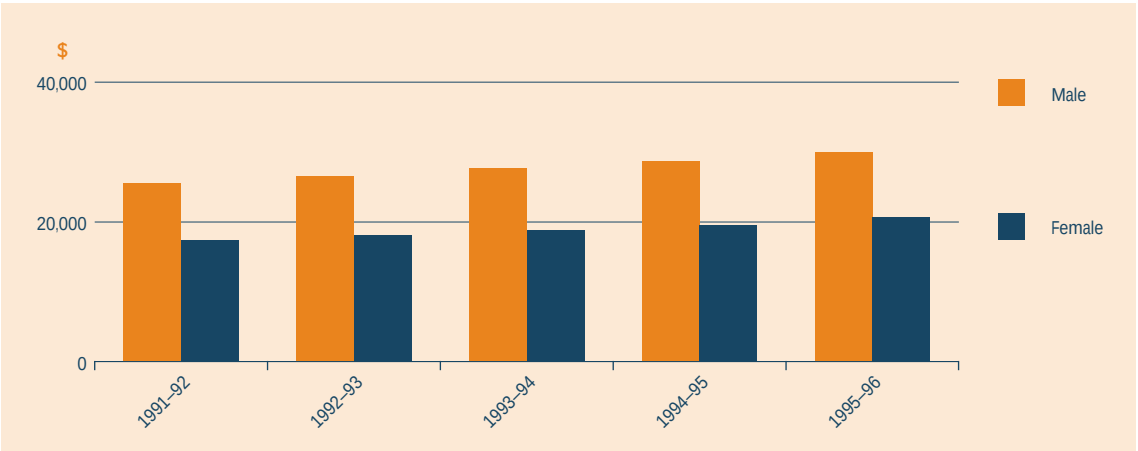
The statistics contained in this chapter have been compiled from individual tax returns for the 1995–96 income year that were processed in the period 1 July 1996 to 30 June 1997.

Client population

In 1995–96, 9.8 million individual taxpayers lodged returns, representing slightly more than half (54%) of the total Australian population. While the population of Australia increases each year, the proportion of the population lodging returns has remained relatively stable, with only a slight increase in 1995–96.

Taxpayers are concentrated in the 30–49 years age group, in terms of total number of people, income received and net tax paid. This age group forms 45% of both the total taxpayer population and total working age population (15–64 years). Males are slightly over-represented in the taxpayer population (54%) when compared to the total population (50%). This reflects the levels

Figure 3.1: Average taxable income



of participation in the labour force by men and women. In June 1996, 67% of men and 49% of women were in the labour force *(ABS: The Labour Force, Australia, June 1996, Cat No 6203.0).*

Around 80% of taxpayers have tax instalments deducted from their pay on a regular basis. The proportion of total income that is taxable has stayed constant at 95% for each of the last five years, while the total income returned has increased by 4–7% each year.

Of those lodging returns, the proportion of taxable taxpayers has increased from 81% in 1993–94 to 83% in 1995–96.

Income

In 1995–96, the 9.8 million individual taxpayers had a total income of $267 billion and a taxable income of $254 billion. After taking into consideration the amount of income, deductions, rebates, credits and levies, 8.2 million individuals were required to pay tax. These people were liable for $56 billion in net tax representing 75% of net tax for the year.

The average taxable income for individual taxpayers has increased over time from $21,867 in 1991–92 to $25,739 in 1995–96. Men have a much higher average taxable income than women ($30,023 compared to $20,723), reflecting different employment patterns and participation in the labour force. The gap between men's and women's earnings has been increasing over time.

While individuals' incomes come from a variety of sources, the majority (77%) of taxpayers had income from salary and wages. Salary and wages income accounted for 74% of all individuals' income.

While a large proportion of the population also has interest income (60%), it represents only 3% of total income.

Some sources of income are 'one-off' events, for example capital gains and eligible termination payments. While the number of people who return this type of income may remain stable over time, the underlying populations may change significantly from year to year.

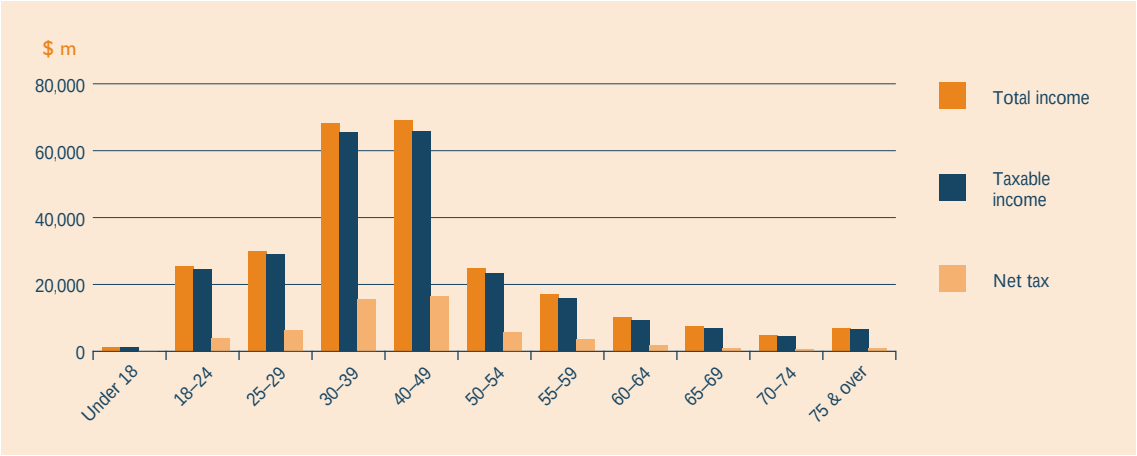
The source and level of income varies according to the age and employment status of the taxpayer. For example, among retirees the main sources of income are government and other

Table 3.1: Sources of income

Source of income	Taxpayers		Total income	
	no.	%	$ m	%
Salary & wages	7 588 267	77.0	198 564	74.5
Partnerships & trusts	1 797 529	18.2	19 765	7.4
Gross rent	1 101 794	11.2	9 013	3.4
Net business income	843 501	8.6	7 647	2.9
Gross interest	5 870 274	59.6	7 616	2.9
Other pensions	392 941	4.1	5 431	2.0
Gross dividends	1 161 455	11.8	4 753	1.8
Benefits	1 382 604	14.0	4 644	1.7
Australian government pensions	774 630	7.9	4 177	1.6
Eligible termination payments	526 719	5.3	4 072	1.5
Allowances	1 991 813	20.2	3 372	1.3
Capital gains	429 951	4.4	2 218	0.8
Lump sum payments	354 907	3.6	1 577	0.6
Foreign employment/pension income	122 921	1.2	670	0.3
Foreign income other	290 092	2.9	328	0.1
Life assurance bonuses	46 366	0.5	216	0.1
Income equalisation withdrawal	1 064	0.0	17	0.0
Attributed foreign income	2 447	0.0	9	0.0
Income equalisation deposit	4 913	0.0	–117	0.0
Other	12 340	0.0	311	0.1
Total[1]	**9 851 521**	**100.0**	**266 696**	**100.0**

1. Components may not add to totals as taxpayers may be in more than one category.

Figure 3.2: Income by age



pensions and annuities, and eligible termination payments. As a result, the amount of total income, taxable income and net tax are low among the older age groups.

Level of income also varies widely according to geographic location. People of similar incomes tend to live in the same general areas. In 1995–96, the area with the highest average taxable income was postcode 2027 in Sydney. This includes suburbs such as Edgecliff and Point Piper, to the east of the city. This was followed by postcode 3142 in Melbourne, which includes suburbs such as Hawksburn, Heyington and Toorak. A series of tables at the end of this chapter outline the areas with the ten highest and lowest taxable incomes in each state and territory of Australia (see pp. 20–28).

Deductions

Deductions are subtracted from total income. The result is taxable income to which the tax rates are applied. Deductions are generally categorised as either work related deductions, which are directly related to the gain or production of assessable income, or other deductions such as gifts and tax related expenses.

Deductions are very widespread with 78% of the total taxpayer population claiming a deduction of some type. In 1995–96, these deductions were valued at $13.1 billion.

Work related expenses is the largest category of deductions on individuals' tax returns. In 1995–96, almost 6 million people made work related expense deductions valued at $6 billion.

Rebates and credits

The purpose of rebates is to provide tax relief. Some rebates depend on the nature and level of income (e.g. pensioner, beneficiary, low income). Others depend on characteristics such as maintaining a dependant or living in a remote

Table 3.2: Deductions claimed

Type of deduction	Taxpayers		Amount	
	'000	%	$ m	%
Work related expenses	5 976	77.8	6 156	46.9
Prior year losses	121	1.6	3 264	24.9
Investment	1 869	24.3	975	7.4
Non-employer sponsored superannuation	220	2.9	868	6.6
Gifts	3 202	41.7	528	4.0
Film industry	2	0.0	37	0.3
Other	4 191	54.5	1 304	9.9
Total[1]	**7 685**	**100.0**	**13 133**	**100.0**

1. Components may not add to totals as taxpayers may be in more than one category.

area. Rebates reduce the amount of tax payable on taxable income. In contrast, deductions are subtracted from a person's income to work out their taxable income. Credits are for tax already paid by the taxpayer or by a trustee on behalf of the taxpayer. Rebates can only reduce the amount of tax owing to zero, the excess does not become a refund. However credits, other than imputation credits and foreign tax credits, can result in a refund.

The tax liability of the majority of taxpayers is affected in some way by rebates. More than 6.5 million people, accounting for 70% of the total taxpayer population, have claimed rebates each year since 1993–94 when the low income rebate was introduced.

In 1995–96, 6.8 million people received rebates and credits totalling $7.3 billion. The most common type of rebate was the low income rebate. Almost 4 million people claimed the low income rebate in 1995–96, accounting for 40% of all taxpayers. This was followed by the imputation credit and pensioner rebate, claimed by 1.3 million and 690,000 people respectively.

The low income rebate is the most common type of rebate received by taxpayers. However, it represents only 7% of the total value of all rebates. The imputation credit had the highest total value of $3.2 billion, accounting for 44% of the total value of rebates. This was followed by the eligible termination payments rebate with $1.1 billion, accounting for 16% of the total value of rebates, and the pensioner rebate with $579 million, accounting for 8% of the total value of rebates.

Provisional tax

Provisional tax relates to the tax payable on non-salary wage income. It is based on an estimate of income to be earned in the current financial year and is generally payable prior to the close of the financial year.

In general, the provisional tax system is for people who earn more than $999 per year on non-salary or wage income. This income can be from investments, business, distribution from a trust or any other source not covered by the pay-as-you-earn (PAYE) system. People who have a significant shortfall in their tax instalment deductions from salary and wages may also pay provisional tax. Provisional tax applies only to individual income and some income assessed to a trustee. It does not apply to company income.

Provisional tax is based on a person's income in the previous year. It is calculated by taking their last year's income, and increasing it by a set percentage. Provisional tax is then calculated on the increased income using the current year rates. The tax calculated is then reduced by any rebates and credits to which they were entitled. After a person lodges their return for the current year, the provisional tax paid during the year will show up as a credit on their next assessment notice.

Table 3.3: Rebates and credits

Rebates/credits	Taxpayers		Amount	
	'000	%	$ m	%
Imputation credit	1 320	19.6	3 217	43.9
Eligible termination payments	488	7.2	1 140	15.5
Pensions	687	10.2	579	7.9
Low income	3 976	58.9	516	7.0
Spouse	479	7.1	420	5.7
Sole parent	268	4.0	268	3.7
Beneficiary	594	8.8	252	3.4
Superannuation	566	8.4	238	3.2
Averaging	141	2.1	204	2.8
Zone	491	7.3	193	2.6
Life assurance bonus	45	0.7	72	1.0
Foreign tax credit	261	3.9	57	0.8
Other[1]	313	4.6	180	2.5
Total[2]	6750	100.0	7 336	100.0

1. Includes section 100(2) credits
2. Components may not add to totals as taxpayers may be in more than one category.

Table 3.4: Provisional tax by taxable income

Taxable income	Provisional tax debit		Provisional tax credit	
	no.	$ m	no.	$ m
Non-taxable	301	3	78 216	128
Under $10,000	146 506	94	93 008	119
$10,000–14,999	202 754	273	158 417	262
$15,000–19,999	197 908	414	166 442	366
$20,000–24,999	203 599	573	168 157	459
$25,000–34,999	292 648	1 092	239 065	804
$35,000–49,999	264 359	1 468	218 550	1 044
$50,000–99,999	188 381	2 024	157 395	1 425
$100,000–499,999	54 636	1 942	47 758	1 436
$500,000–999,999	1 714	229	1 547	159
$1,000,000 & over	556	164	467	86
Total taxable	**1 553 061**	**8 273**	**1 250 806**	**6 160**
Total	**1 553 362**	**8 276**	**1 329 022**	**6 288**

In 1995–96, there were slightly more than 1.5 million taxpayers notified of a provisional debit. The provisional taxpayer population varies quite dramatically from year to year. For example, around one-third of taxpayers being notified of a liability to pay provisional tax have had no such liability in the previous year. The proportion of taxpayers leaving the provisional tax system is similarly high, resulting in the total population being relatively stable in size over a number of years.

When a person has paid provisional tax, it is credited against the tax payable on their notice of assessment. This is known as a provisional tax credit. In 1995–96, around 1.3 million taxpayers received a provisional tax credit.

Among those people whose industry was known, the largest proportion of people in the provisional tax system were in the property industry. In 1995–96, 29% of people with a provisional tax debit and 26% of people with a provisional tax credit were in the property industry. This was followed by the primary production industry, accounting for 11% of those with both a provisional tax debit and credit.

Table 3.5: Provisional tax by industry[1]

Industry	Provisional tax debit		Provisional tax credit	
	no.	$ m	no.	$ m
Salary & wage earners	20 874	169	63 909	193
Property	446 334	1 457	346 974	1 023
Primary production	163 235	1 071	139 316	703
Mining	722	7	535	3
Manufacturing	17 614	74	13 511	53
Electricity, gas & water	206	1	160	1
Construction	33 864	118	26 069	81
Wholesale trade	5 594	34	4 653	26
Retail trade	27 818	168	23 954	140
Transport & storage	16 639	66	13 181	48
Communication	3 346	11	2 460	8
Finance, insurance, real estate & business services	57 559	550	45 856	422
Health, education & welfare services	32 339	508	28 014	434
Entertainment, recreation, restaurants, hotels, personal services	38 936	185	31 955	146
Other subsidiaries	658 308	3 681	566 677	2 894
Not stated	29 974	177	21 798	116
Total	**1 553 362**	**8 277**	**1 329 022**	**6 291**

1. In 1995–96, the industry groups are coded using the Australian and New Zealand Standard Industrial Classification (ANZSIC) system. In previous years the Australian Standard Industrial Classification (ASIC) system was used. Therefore, this data should not be used for time series analysis as the industry groups are not comparable.

Electronic lodgment service

Most tax returns are prepared by tax agents and therefore most are submitted electronically to the Tax Office for processing. In 1995–96, 73% of tax returns were submitted by tax agents.

In 1995–96, 70% of tax returns were lodged through the electronic lodgment service. This was up from 58% in 1991–92. The proportion of taxpayers lodging electronically is expected to continue growing as the Tax Office takes advantage of developments in electronic technology.

Audits

A complement to the concept of self-assessment is post-assessment income checking and information matching. Over 180,000 automated income mismatches (where information on tax returns does not match information received from other sources such as banks) were addressed during 1995–96. Most (83%) of these mismatches resulted in adjustments in taxable income and net tax payable.

Tax rates

General tax rates applicable for Australian residents for the 1995–96 income year[1]

Not less than	Not more than	Tax payable on total taxable income
$0	$5 400	Nil
$5 400	$20 700	Nil + 20c for each $1 over $5 400
$20 700	$38 000	$3 060 + 34c for each $1 over $20 700
$38 000	$50 000	$8 942 + 43c for each $1 over $38 000
$50 000		$14 102 + 47c for each $1 over $50 000

1. Resident individuals are also liable to pay a Medicare levy of 1.5% of taxable income.

Table 3.6: Highest and lowest mean income earning postcodes — NEW SOUTH WALES

Postcode	Taxable taxpayers	Taxable income	Mean taxable income	Total imputation credit (company tax)		Net tax	Mean total tax	Effective rate of tax
	no.	$'000	$	no.	$'000	$'000	$	%
Top ten								
2027	4 940	346 530	70 148	1 981	35 416	89 962	25 380	36
2023	4 956	304 959	61 533	1 602	28 573	77 700	21 443	35
2063	3 196	191 225	59 833	1 089	13 392	52 099	20 492	34
2088	14 882	887 820	59 657	4 779	49 642	253 081	20 342	34
2030	8 090	469 798	58 072	2 657	39 292	122 300	19 974	34
2110	4 440	253 118	57 009	1 406	16 435	68 887	19 217	34
2025	4 392	249 953	56 911	1 403	19 910	64 964	19 325	34
2071	6 426	361 158	56 203	2 806	19 463	100 967	18 741	33
2108	1 094	60 685	55 471	362	7 050	13 522	18 805	34
2061	2 832	149 630	52 836	651	5 279	43 307	17 156	32
Bottom ten								
2469	862	18 444	21 396	75	87	3 234	3 853	18
2401	136	2 877	21 153	16	19	485	3 709	18
2834	845	17 795	21 060	53	183	3 001	3 768	18
2633	242	5 095	21 053	16	3	908	3 768	18
2355	150	3 135	20 901	6	1	554	3 700	18
2803	116	2 411	20 788	6	11	405	3 590	17
2395	230	4 727	20 553	25	43	774	3 555	17
2369	244	4 903	20 096	11	10	819	3 396	17
2466	405	8 059	19 900	34	41	1 263	3 222	16
2735	140	2 718	19 414	12	6	427	3 095	16

Note: Residential Postcodes are as stated on return form. Some may not be valid Residential Postcodes.

Effective Rate of Tax is calculated as the sum of imputation credit and net tax assessed divided by taxable income.

2027 Darling Point, Edgecliff, Edgecliff DC, HMAS Rushcutters, Point Piper
2023 Bellevue Hill
2063 Northbridge
2088 Balmoral, Beauty Point, Clifton Gardens, Georges Heights, Mosman, Mosmans Bay Spit Junction, The Spit
2030 Diamond Bay, Dover Heights, HMAS Watson, Parsley Bay, Rose Bay North, Vaucluse, Watsons Bay
2110 Hunters Hill, Hunters Hill West, Woolwich
2025 Woollahra
2071 Killara
2108 Coasters Retreat, Currawong Beach, Great Mackerel Beach, Palm Beach, Sand Point, The Basin
2061 Kirribilli, Milsons Point

2469 Banyabba, Bean Creek, Bingeebeebra, Bonalbo, Boomoodeerie, Bottle Creek, Bungawalbin, Busbys Flat, Camira Creek, Capeen, Charrawarra, Chatsworth Island, Cleveland Crossing, Clover Park, Culmaran Creek, Drake, Duck Creek, Gibberagee, Goodwood Island, Hogarth Range, Jacksons Flat, Kippnduff, Mallanganee, Mororo, Mummulgum, Myrtle Creek, Old Bonalbo, Paddys Flat, Pretty Gully, Rappville,Tabulam, Theresa Creek,Tunglebung Warregah, Whiporie, Woombah, Wyan
2401 Gravesend
2834 Lightning Ridge
2633 Corrowong, Delegate, Kirkenong, Rodney, Tombong
2355 Bendemeer
2803 Bendick Murrell, Crowther, Wirrimah
2395 Binnaway, Murrawal, Weetaliba
2369 Old Mill, Stannifer, Tingha
2466 Iluka, Woody Head
2735 Koraleigh

Table 3.6: Highest and lowest mean income earning postcodes — VICTORIA

Postcode	Taxable taxpayers	Taxable income	Mean taxable income	Total imputation credit (company tax)		Net tax	Mean total tax	Effective rate of tax
	no.	$'000	$	no.	$'000	$'000	$	%
Top ten								
3142	7 718	526 478	68 214	3 369	53 879	133 018	24 216	35
3004	1 396	76 572	54 851	373	4 451	20 979	18 216	33
3002	2 004	105 244	52 517	608	5 014	29 366	17 156	33
3126	4 231	220 582	52 135	1 663	13 707	58 349	17 030	33
3186	11 320	582 473	51 455	4 342	35 452	154 019	16 738	33
3144	6 108	298 863	48 930	2 295	15 870	79 765	15 657	32
3141	8 992	423 943	47 147	2 311	16 815	116 735	14 852	32
3000	1 777	81 676	45 963	387	2 400	23 308	14 467	31
3101	11 696	532 202	45 503	3 909	22 234	141 691	14 015	31
3122	10 808	491 233	45 451	3 288	27 579	123 986	14 023	31
Bottom ten								
3723	352	7 478	21 244	47	85	1 341	4 053	19
3293	206	4 356	21 147	41	26	712	3 579	17
3705	176	3 712	21 089	15	39	633	3 818	18
3637	206	4 315	20 946	17	7	713	3 496	17
3407	266	5 558	20 895	68	91	884	3 666	18
3310	136	2 816	20 708	22	23	452	3 490	17
3639	242	4 874	20 139	27	30	762	3 276	16
3594	228	4 559	19 994	26	12	745	3 319	17
3384	109	2 177	19 968	16	10	367	3 458	17
3887	133	2 652	19 943	15	8	427	3 273	16

Note: Residential Postcodes are as stated on return form. Some may not be valid Residential Postcodes.

Effective Rate of Tax calculated as the sum of imputation credit and net tax assessed divided by taxable income.

3142 Hawksburn, Heyington, Toorak

3004 Albert Park Barracks, Queens Road Melb, St Kilda Road Central, St Kilda Rd Delivery Annexe, St Kilda Rd Melb

3002 East Melbourne, Jolimont, Melbourne Parliament House, Parliament House Melbourne

3126 Camberwell East, Canterbury, Frognall RAAF, Shenley

3186 Brighton, Brighton Beach, Brighton Beach Via Brighton, Brighton North, Dendy, Were Street PO

3144 Kooyong, Malvern, Malvern North,Tooronga Via Malvern

3141 Chapel Street North, Domain, Domain Road PO, South Yarra

3000 A'beckett Street PO, Collins Street East PO, Collins Street West PO, Flinders Lane PO, Law Courts PO, Market Street PO, Melb Bourke Street, Melbourne, Melbourne City, Melbourne GPO, Museum PO

3101 Balwyn West, Cotham, Kew, Kew MDC, Kew North, Studley Park, Willsmere

3122 Auburn South, Barker, Glenferrie, Glenferrie South, Hawthorn, Hawthorn North, Hawthorn West

3723 A1 Mine Settlement, Archerton, Barjarg, Boorolite, Gaffneys Creek, Goughs Bay, Jamieson, Kevington, Maindample, Mansfield Forward, Matlock, Merrijig, Mount Buller, Nillahcootie, Piries, Tolmie, Woods Point

3293 Bushy Creek, Glenthompson, Nareeb Nareeb

3705 Cronins, Cudgewa, Dobinsons, Hillfoot, Lynette, Nariel Creek, Nariel Upper

3637 Piree, Waaia, Yalca

3407 Balmoral, Englefield, Gatum, Pigeon Ponds, Rocklands Dam, Vasey

3310 Merino, Tahara West, Talisker

3639 Barmah Town, Cummeragunga, Madowla Park, Moira Lower, Narioka, Picola, Rosalind Park, Rubicon Free Bag

3594 Nyah

3384 Landsborough, Navarre, Shays Flat, Stawell Forward No2, Wattle Creek, Woodlands North

3887 Lake Tyers, Nowa Nowa, Wairewa

Table 3.6: Highest and lowest mean income earning postcodes — QUEENSLAND

Postcode	Taxable taxpayers	Taxable income	Mean taxable income	Total imputation credit (company tax)		Net tax	Mean total tax	Effective rate of tax
	no.	$'000	$	no.	$'000	$'000	$	%
Top ten								
4745	1 705	97 852	57 391	845	821	31 936	19 212	33
4744	3 176	177 313	55 829	1 556	1 416	57 913	18 680	33
4709	708	35 014	49 455	64	24	10 956	15 509	31
4746	1 002	48 318	48 222	85	36	14 993	14 999	31
4717	2 752	128 823	46 811	595	972	38 856	14 472	31
4743	675	31 479	46 635	57	18	9 429	13 995	30
4007	4 878	218 928	44 881	1 372	11 405	56 033	13 825	31
4718	1 195	52 620	44 033	372	316	15 716	13 416	30
4212	1 090	46 227	42 410	201	3 379	10 484	12 718	30
4069	14 836	600 243	40 459	4 431	18 200	154 793	11 660	29
Bottom ten								
4376	101	2 071	20 500	11	5	350	3 515	17
4659	757	15 346	20 272	49	46	2 597	3 491	17
4613	222	4 496	20 252	32	9	755	3 441	17
4377	210	4 252	20 248	27	30	711	3 528	17
4468	110	2 219	20 172	18	13	337	3 179	16
4382	190	3 833	20 172	25	44	595	3 362	17
4488	108	2 146	19 866	19	54	306	3 338	17
4673	191	3 701	19 375	13	16	607	3 266	17
4496	103	1 972	19 144	19	37	289	3 172	17
4381	128	2 445	19 102	15	14	348	2 835	15

Note: Residential Postcodes are as stated on return form. Some may not be valid Residential Postcodes.

Effective Rate of Tax calculated as the sum of imputation credit and net tax assessed divided by taxable income.

4745 Dysart, Norwich Park
4744 Moranbah, Peak Downs Mine
4709 Tieri
4746 German Creek, Middlemount
4717 Blackwater
4743 Glenden
4007 Ascot, Brisbane Airport, Doomben, Hamilton, Hamilton Central, Whinstanes
4718 Moura
4212 Boykambil, Hope Island, Sanctuary Cove, Santa Barbara
4069 Brookfield, Chapel Hill, Fig Tree Pocket, Kenmore, Kenmore Delivery Centre, Kenmore East, Kenmore Hills, Lone Pine, Pinjarra Hills, Pullenvale, Upper Brookfield

4376 Thulimbah
4659 Burrum, Burrum Heads, Howard
4613 Abbeywood, Brigooda, Kinleymore, Manar, Proston, Speedwell, Stalworth
4377 The Summit
4468 Morven
4382 Ballandean, Wyberba
4488 Bollon
4673 Yandaran
4496 Talwood
4381 Glen Aplin

Table 3.6: Highest and lowest mean income earning postcodes — SOUTH AUSTRALIA

Postcode	Taxable taxpayers	Taxable income	Mean taxable income	Total imputation credit (company tax)		Net tax	Mean total tax	Effective rate of tax
	no.	$'000	$	no.	$'000	$'000	$	%
Top ten								
5006	3 370	147 439	43 750	929	8 133	36 516	13 249	30
5725	1 270	55 109	43 393	354	268	14 001	11 236	26
5081	4 546	194 351	42 752	1 494	13 011	45 166	12 798	30
5064	4 952	208 643	42 133	1 831	12 523	49 217	12 468	30
5066	6 170	254 408	41 233	2 396	12 154	61 743	11 977	29
5731	544	22 065	40 560	50	22	5 325	9 828	24
5061	5 378	211 296	39 289	1 446	7 276	53 712	11 340	29
5065	4 845	185 979	38 386	1 571	7 599	44 741	10 803	28
5062	7 369	278 112	37 741	2 160	10 312	67 272	10 528	28
5144	169	6 273	37 120	24	60	1 717	10 519	28
Bottom ten								
5202	304	6 614	21 757	33	46	1 214	4 146	19
5320	271	5 878	21 689	12	9	1 057	3 934	18
5214	1 532	33 140	21 632	186	217	5 700	3 862	18
5583	279	6 034	21 627	40	40	1 037	3 860	18
5357	154	3 315	21 527	8	1	582	3 786	18
5321	182	3 886	21 351	13	2	705	3 884	18
5213	339	7 192	21 216	44	42	1 213	3 703	17
5331	125	2 639	21 114	15	5	475	3 833	18
5220	191	3 885	20 338	19	7	596	3 154	16
5221	117	2 252	19 251	12	10	364	3 195	17

Note: Residential Postcodes are as stated on return form. Some may not be valid Residential Postcodes.

Effective Rate of Tax calculated as the sum of imputation credit and net tax assessed divided by taxable income.

5006 North Adelaide, Melbourne St North Adelaide
5725 Olympic Dam, Roxby Downs
5081 Collinswood, Gilberton, Medindie, Medindie Gardens, Vale Park, Walkerville
5064 Glen Osmond, Glenunga, Mount Osmond, Myrtle Bank, St Georges, Urrbrae
5066 Beaumont, Burnside, Erindale, Hazelwood Park, Stonyfell, Waterfall Gully, Wattle Park
5731 Coopers Creek, Cordillo Downs, Durham Downs, Innamincka, Leigh Creek, Lyndhurst, Merty Merty Moolawatana, Witchelina
5061 Hyde Park, Malvern,Unley, Unley Delivery Centre, Unley Park
5065 Dulwich, Glenside, Linden Park, Toorak Gardens, Tusmore
5062 Brownhill Creek, Clapham, Hawthorn, Kingswood, Lower Mitcham, Lynton, Mitcham, Mitcham Shopping Centre, Netherby, Springfield, Torrens Park
5144 Carey Gully

5202 Myponga
5320 Lowbank, Morgan, Qualco
5214 Currency Creek, Goolwa, Goolwa Beach, Goolwa North, Goolwa South, Hindmarsh Island
5583 Coobowie, Edithburgh
5357 Blanchetown, New Well
5321 Cadell
5213 Middleton
5331 Kingston-On-Murray
5220 Parndana
5221 American River

Table 3.6: Highest and lowest mean income earning postcodes — WESTERN AUSTRALIA

Postcode	Taxable taxpayers	Taxable income	Mean taxable income	Total imputation credit (company tax)		Net tax	Mean total tax	Effective rate of tax
	no.	$'000	$	no.	$'000	$'000	$	%
Top ten								
6612	131	7 135	54 463	45	716	1 359	15 846	29
6437	765	37 138	48 546	120	104	10 446	13 791	28
6425	104	5 020	48 270	46	47	1 281	12 769	26
6009	8 937	429 109	48 015	3 387	18 592	116 687	15 137	32
6753	2 427	115 217	47 473	964	838	33 526	14 159	30
6011	4 874	228 330	46 847	1 726	13 301	58 309	14 692	31
6442	670	30 249	45 148	125	50	8 939	13 417	30
6444	1 234	55 637	45 087	214	193	16 438	13 477	30
6421	119	5 358	45 025	44	86	1 193	10 753	24
6472	151	6 789	44 958	63	89	1 442	10 142	23
Bottom ten								
6244	693	16 381	23 638	223	507	2 722	4 660	20
6348	122	2 859	23 436	31	29	483	4 197	18
6324	1 306	30 429	23 300	246	308	5 485	4 435	19
6321	292	6 794	23 266	73	124	1 159	4 393	19
6323	207	4 783	23 108	46	47	844	4 305	19
6398	194	4 383	22 590	37	27	814	4 337	19
6333	1 423	31 736	22 302	275	321	5 562	4 134	19
6262	264	5 877	22 262	52	53	1 073	4 263	19
6286	234	5 096	21 779	42	22	928	4 063	19
6288	216	4 431	20 515	35	21	751	3 572	17

Note: Residential Postcodes are as stated on return form. Some may not be valid Residential Postcodes.

Effective Rate of Tax calculated as the sum of imputation credit and net tax assessed divided by taxable income.

6612 Jibberding, Mount Gibson, Paynes Find, Wubin
6437 Lawlers, Leinster
6425 Moorine Rock
6009 Crawley, Dalkeith, Nedlands, Nedlands Broadway
6753 Mundiwindi, Newman, Roy Hill
6011 Cottesloe, Peppermint Grove
6442 Kambalda
6444 Kambalda West
6421 Burracoppin, Campion, Warralakin
6472 Beacon

6244 Boyup Brook, Dinninup, Kulikup, Mayanup, Tonebridge
6348 Hopetoun
6324 Cambellup, Carbarup, Denbarker, Forest Hill, Mount Barker, Pardelup, Perillup, Porongurup, Teddington, Woogenilup
6321 Cranbrook, Pootenup
6323 Kendenup
6398 Jarrah Glen, Walpole
6333 Bow Bridge, Denmark, Golden Hill, Harewood, Hazelvale, Kentdale, Nornalup Parryville, Peaceful Bay, Somerset Hill, Tingledale
6262 Northcliffe
6286 Forest Grove, Witchcliffe
6288 Alexandra Bridge, Karridale, Nillup, Warner Glen

Table 3.6: Highest and lowest mean income earning postcodes — TASMANIA

Postcode	Taxable taxpayers	Taxable income	Mean taxable income	Total imputation credit (company tax)		Net tax	Mean total tax	Effective rate of tax
	no.	$'000	$	no.	$'000	$'000	$	%
Top ten								
7470	592	24 524	41 426	56	15	7 021	11 885	29
7005	6 303	242 170	38 421	1 792	7 853	60 592	10 859	28
7469	505	18 915	37 456	29	57	5 098	10 208	27
7001	313	10 637	33 985	48	123	2 616	8 750	26
7053	1 688	56 535	33 492	319	624	13 795	8 542	26
7467	1 074	35 086	32 669	66	128	8 707	8 226	25
7258	380	12 331	32 450	56	222	2 962	8 377	26
7007	1 149	37 111	32 299	206	403	8 860	8 062	25
7170	1 624	51 052	31 436	179	497	12 152	7 789	25
7004	2 824	87 505	30 986	371	1 342	20 338	7 677	25
Bottom ten								
7304	2 281	52 491	23 012	190	485	9 802	4 510	20
7259	258	5 930	22 983	22	17	1 123	4 416	19
7215	1 070	24 323	22 732	70	117	4 574	4 384	19
7112	998	22 259	22 304	89	207	4 020	4 236	19
7264	204	4 461	21 866	17	57	751	3 965	18
7120	679	14 800	21 797	57	55	2 633	3 959	18
7177	142	3 032	21 353	11	45	512	3 924	18
7184	302	6 225	20 613	32	9	1 101	3 676	18
7163	124	2 555	20 603	8	6	438	3 581	17
7182	114	2 294	20 125	8	3	389	3 437	17

Note: Residential Postcodes are as stated on return form. Some may not be valid Residential Postcodes.

Effective Rate of Tax calculated as the sum of imputation credit and net tax assessed divided by taxable income.

7470 Primrose, Rosebery, Snake Gully, Williamsford
7005 Beachside, Dynnyrne, Lower Sandy Bay, Sandy Bay, University of Tas
7469 Renison Bell, Zeehan
7001 Hobart Airport, Hobart GPO Private Boxes, Maatsuyker Island, Port Davey, Tasman Island
7053 Bonnet Hill, Taronga, Taroona
7467 Lake Margaret, Lynchford, Queenstown
7258 Breadalbane, Corra Linn, Relbia, White Hills
7007 Mount Nelson
7170 Acton, Cambridge, Llanherne, Mount Rumney, Seven Mile Beach
7004 Battery Point, Cascades, South Hobart

7304 Acton, Cambridge, Llanherne, Mount Rumney, Seven Mile Beach
7259 Diddleum Plains, Mount Barrow, Myrtle Bank, Nunamara, Patersonia, Springfield,Targa, Tayene
7215 Beaumaris, Bicheno, Chain of Lagoons, Coles Bay, Cornwall, Cullenswood, Dianas Basin, Falmouth, Four Mile Creek, Gray, Mount Nicholas, Scamander, Seymour, St Marys,
7112 Abels Bay, Cygnet, Deep Bay, Eggs And Bacon Bay, Garden Island Creek, Gardners Bay, Nicholls Rivulet, Petcheys Bay, Randalls Bay, Verona Sands
7264 Cape Portland, Derby, Eddystone Point, Gladstone, Herrick, Moorina, Pioneer, Rushy Lagoon, South Mount Cameron, Telita, The Chimneys, Welborough
7120 Andover, Antill Ponds, Baden, Interlaken, Lake Crescent, Lemont, Levendale, Mount Seymour, Nala, Oatlands, Parattah, Pawtella, Rhyndaston, St Peters Pass, Stonehenge, Tiberias, Tunbridge, Tunnack, Whitefoord, Woodbury, Woodsdale, York Plains
7177 Dunalley
7184 Nubeena, Stormlea
7163 Middleton
7182 Fortescue Bay, Oakwood, Port Arthur, Radnor, Stewarts Bay

Table 3.6: Highest and lowest mean income earning postcodes NORTHERN TERRITORY

Postcode	Taxable taxpayers	Taxable income	Mean taxable income	Total imputation credit (company tax)		Net tax	Mean total tax	Effective rate of tax
	no.	$'000	$	no.	$'000	$'000	$	%
Top ten								
885	614	29 588	48 189	263	261	8 030	13 503	28
800	1 284	54 150	42 173	122	4 951	11 018	12 436	29
880	1 026	43 002	41 912	121	177	10 668	10 570	25
847	259	9 982	38 540	13	368	2 305	10 318	27
886	710	24 997	35 207	125	126	5 588	8 047	23
801	1 323	45 706	34 547	122	390	10 661	8 353	24
853	458	15 808	34 515	29	4	3 566	7 796	23
820	6 904	238 270	34 512	727	2 651	55 086	8 363	24
835	1 825	61 096	33 477	169	745	13 702	7 916	24
812	9 443	305 784	32 382	760	1 148	68 755	7 403	23
Bottom ten								
861	240	7 525	31 356	26	9	1 556	6 520	21
836	2 221	69 500	31 292	127	431	15 122	7 003	22
870	10 139	314 197	30 989	750	2 024	68 421	6 948	22
854	149	4 598	30 856	5	1	916	6 160	20
850	2 431	73 648	30 295	181	373	15 543	6 547	22
830	5 335	159 670	29 929	264	226	33 512	6 324	21
862	165	4 901	29 706	12	10	945	5 791	19
822	1 165	30 264	25 978	65	100	4 997	4 375	17
872	2 242	55 769	24 875	90	124	9 669	4 368	18
852	528	12 642	23 943	22	10	2 024	3 853	16

Note: Residential Postcodes are as stated on return form. Some may not be valid Residential Postcodes.

Effective Rate of Tax calculated as the sum of imputation credit and net tax assessed divided by taxable income.

885 Alyangula (Groote Eylandt)
800 Darwin, Darwin City, Darwin GPO
880 Gove, Nhulunby, Yirrkala
847 Pine Creek
886 Jabiru
801 Blackmore, Darwin GPO Priv Boxes
853 Tindal RAAF
820 Bagot, Darwin MC, East Point, Fannie Bay, HMAS Coonawarra Naval Base, Larrakeyah, Ludmilla, Parap, Stuart Park, The Gardens, The Narrows, Winnellie
835 Howard Springs, Virginia

812 Anula, Karama, Leanyer, Malak, Marrara, Sanderson, Woodleigh Gardens, Wulagi
861 Brunchilly
836 Humpty Doo
870 Alice Springs
854 Borroloola
850 Katherine
830 Archer, Driver, Gray, Marlow Lagoon, Moulden, Palmerston, Shoal Bay, Woodroffe, Yarrawonga
862 Avon Downs, Cresswell Downs, Elliott, Newcastle Waters, Tennant Creek Private Bags, Tennant Creek Roadside Delivery, Three Ways, Threeways, Warrego
822 Acacia Hills, Annie Angurugu River, Bathurst Island, Bees Creek, Cox Peninsula, Croker Island, Daly River, Darwin Mail Centre Private Bags, Darwin Mail Centre Roadside Delivery, Darwin River, Delissaville, Dundee Beach, Dundee Downs, Fly Creek, Galiwinku, Goulbourn Island, Gunn Point, Hayes Creek, Lake Bennett, Lambells Lagoon, Livingstone, Maningrida, McMinns Lagoon, Middle Point, Milingimbi, Minjilang, Nguiu, Oenpelli, Point Stephens, Pularumpi, Ramingining, Southport, Tortilla Flats, Umbakumba, Wadeye, Weddell, Winnellie Private Bags, Woolaning
872 Ali-Curung, Alice Springs Private Bags, Alice Springs Roadside Delivery, Areyonga, Ayers Rock, Barrow Creek, Erldunda, Ernabella, Finke, Fregon, Haasts Bluff, Hermannsburg, Indulkana, Kaltukatjara, Kintore, Kulgera, Papunya, Santa Teresa, Ti Tree, Yuendumu, Yulara
852 Daly Waters, Dunmarra, Edith River, Kalkaringi, Katherine Private Bags, Katherine Roadside Delivery, Knuckeys Lagoon, Lajamanu, Larrimah, Maranboy, Mataranka, Ngukurr, Numbulwar, Timber Creek, Victoria River Downs, Wave Hill

Table 3.6: Highest and lowest mean income earning postcodes

AUSTRALIAN CAPITAL TERRITORY

Postcode	Taxable taxpayers	Taxable income	Mean taxable income	Total imputation credit (company tax)		Net tax	Mean total tax	Effective rate of tax
	no.	$'000	$	no.	$'000	$'000	$	%
Top ten								
2603	4 304	198 965	46 228	1 290	5 697	54 794	14 055	30
2600	4 823	201 460	41 771	1 194	4 063	53 715	11 980	29
2605	6 149	237 122	38 563	1 514	3 059	61 815	10 550	27
2607	7 902	292 885	37 065	1 756	3 669	74 592	9 904	27
2604	3 775	138 567	36 706	629	1 378	35 567	9 787	27
2601	3 285	119 631	36 417	794	2 168	30 183	9 848	27
2618	592	21 249	35 893	130	895	4 894	9 779	27
2614	10 909	391 336	35 873	2 171	3 456	99 593	9 446	26
2904	7 394	264 553	35 779	990	1 539	67 781	9 375	26
2611	13 936	487 604	34 989	2 362	2 914	123 469	9 069	26
Bottom ten								
2612	3 217	108 687	33 785	637	1 369	27 115	8 854	26
2914	395	13 159	33 313	27	9	3 129	7 944	24
2617	12 976	431 764	33 274	1 738	2 922	106 189	8 409	25
2905	14 629	480 699	32 859	1 100	1 061	117 479	8 103	25
2602	11 666	382 120	32 755	1 747	2 396	92 421	8 128	25
2906	6 453	211 304	32 745	341	316	51 186	7 981	24
2913	6 369	207 080	32 514	469	564	50 036	7 945	24
2615	19 698	640 350	32 508	2 255	2 530	155 846	8 040	25
2609	482	15 504	32 166	66	555	3 383	8 169	25
2912	116	3 524	30 383	6	1	845	7 287	24

Note: Residential Postcodes are as stated on return form. Some may not be valid Residential Postcodes.

Effective Rate of Tax calculated as the sum of imputation credit and net tax assessed divided by taxable income.

2603 Barker Centre, Forrest, Griffith, Honey Suckle Creek, Manuka, Monaro Crescent, Orroral Valley, Red Hill
2600 Barton, Canb Parliament House, Canberra RAAF, Capital Hill, Deakin, Deakin West, Duntroon, Fairbairn RAAF Harman, HMAS Harman, Parkes, Queen Victoria Terrace PO, Russell, Russell Hill, Telopea Park, Yarralumla
2605 Curtin, Garran, Hughes
2607 Farrer, Isaacs, Mawson, Pearce, Torrens
2604 Causeway, Kingston, Narrabundah, The Causeway
2601 Acton, Black Mountain, Canberra, Canberra (GPO Box), Canberra GPO
2618 Hall
2614 Aranda, Cook, Hawker, Jamison Centre, Macquarie, Page, Scullin, Weetangera
2904 Fadden, Gowrie, Macarthur, Monash
2611 Brindabella, Casuarina Sands, Chapman, Cotter River, Duffy, Fisher, Holder, Mount Stromlo, Pierces Creek, Rivett, Stirling, Upper Cotter Dam, Uriarra, Uriarra Forest, Waramanga, Weston, Weston Creek, Wyora

2612 Braddon, Campbell, Reid, Turner
2914 Amaroo, Forde, Harrison, Moncrieff, Mulanggarri, Throsby
2617 Belconnen, Belconnen DC, Bruce, Evatt, Ginninderra, Giralang, Kaleen, Lawson, Mckellar
2905 Bonython, Calwell, Chisholm, Gilmore, Isabella Plains, Richardson, Theodore
2602 Ainslie, Dickson, Downer, Hackett, Lyneham, O'connor, Watson
2906 Banks, Conder, Gordon
2913 Casey, Franklin, Kinlyside, Ngunnawal, Nicholls, Palmerston, Taylor
2615 Charnwood, Dunlop, Florey, Flynn, Fraser, Higgins, Holt, Kippax, Kippax Centre, Latham, Macgregor, Melba, Spence
2609 Fairbairn Civil Aerodrome, Fyshwick, Majura, Pialligo, Symonston
2912 Gungahlin

Table 3.6: Highest and lowest mean income earning postcodes — AUSTRALIA

Postcode	Taxable taxpayers	Taxable income	Mean taxable income	Total imputation credit (company tax)		Net tax	Mean total tax	Effective rate of tax
	no.	$'000	$	no.	$'000	$'000	$	%
Top ten								
2027	4 940	346 530	70 148	1 981	35 416	89 962	25 380	36
3142	7 718	526 478	68 214	3 369	53 879	133 018	24 216	35
2023	4 956	304 959	61 533	1 602	28 573	77 700	21 443	35
2063	3 196	191 225	59 833	1 089	13 392	52 099	20 492	34
2088	14 882	887 820	59 657	4 779	49 642	253 081	20 342	34
2030	8 090	469 798	58 072	2 657	39 292	122 300	19 974	34
4745	1 705	97 852	57 391	845	821	31 936	19 212	33
2110	4 440	253 118	57 009	1 406	16 435	68 887	19 217	34
2025	4 392	249 953	56 911	1 403	19 910	64 964	19 325	34
2071	6 426	361 158	56 203	2 806	19 463	100 967	18 741	33
Bottom ten								
3594	228	4 559	19 994	26	12	745	3 319	17
3384	109	2 177	19 968	16	10	367	3 458	17
3887	133	2 652	19 943	15	8	427	3 273	16
2466	405	8 059	19 900	34	41	1 263	3 222	16
4488	108	2 146	19 866	19	54	306	3 338	17
2735	140	2 718	19 414	12	6	427	3 095	16
4673	191	3 701	19 375	13	16	607	3 266	17
5221	117	2 252	19 251	12	10	364	3 195	17
4496	103	1 972	19 144	19	37	289	3 172	17
4381	128	2 445	19 102	15	14	348	2 835	15

Note: Residential Postcodes are as stated on return form. Some may not be valid Residential Postcodes.

Effective Rate of Tax is calculated as the sum of imputation credit and net tax assessed divided by taxable income.

2027	NSW	Darling Point, Edgecliff, Edgecliff DC, HMAS Rushcutters, Point Piper
3142	Vic.	Hawksburn, Heyington, Toorak
2023	NSW	Bellevue Hill
2063	NSW	Northbridge
2088	NSW	Balmoral, Beauty Point, Clifton Gardens, Georges Heights, Mosman, Mosmans Bay Spit Junction, The Spit
2030	NSW	Diamond Bay, Dover Heights, HMAS Watson, Parsley Bay, Rose Bay North, Vaucluse, Watsons Bay
4745	Qld	Dysart, Norwich Park
2110	NSW	Hunters Hill, Hunters Hill West, Woolwich
2025	NSW	Woollahra
2071	NSW	Killara
3594	Vic.	Nyah
3384	Vic.	Landsborough, Navarre, Shays Flat, Stawell Forward No2, Wattle Creek, Woodlands North
3887	Vic.	Lake Tyers, Nowa Nowa, Wairewa
2466	NSW	Iluka, Woody Head
4488	Qld	Bollon
2735	NSW	Koraleigh
4673	Qld	Yandaran
5221	SA	American River
4496	Qld	Talwood
4381	Qld	Glen Aplin

Detailed Tables

The following detailed tables on individuals can be found on the CD-ROM attached to this publication:

Table I1: Individuals — selected items by sex and by state

Table I2: Individuals — age group by marital status and sex by grade of taxable income

Table I3: Individuals — government pension income by age group and sex

Table I4: Individuals — fine grade of taxable income by sex and marital status by state

Table I5: Individuals — age group and sex by grade of taxable income

Table I6: Individuals — selected items by industry

Table I7: Individuals — all items by industry

Table I8: Individuals — all items by grade of taxable income

Table I9: Individuals — non residents items by grade of taxable income

Table I10: Individuals — selected items by business line

Table I11: Individuals — taxable individuals: residential postcode by state

Table I12: Individuals — business income by fine industry classification

Table I13: Individuals — taxable individuals: 5 percentile distribution

Table I14: Individuals — taxable income > 500,000

Table I15: Individuals — selected items 10 year table individuals

Table I16: Individuals — selected items by state

Table I17: Individuals — selected items for trustee assessments

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Small Business

Within the Tax Office, the small business sector are clients of the small business income (SBI) business line.

The small business sector is made up of four categories of taxpayers. The first category consists of unincorporated businesses, i.e. those operating as individuals, partnerships or trusts, which report in their annual income tax returns total business income less than $10 million. The second category consists of private companies which report total income less than $10 million. The third category consists of superannuation funds which report less than $50 million in investment income. Almost all superannuation funds are SBI clients. The final category is other taxpayers who report distributions from either partnerships or trusts with business income, but report no separate business income (or loss) in their own income tax returns.

All public companies, irrespective of their total income, and all other taxpayers exceeding the $10 million total business income threshold, are clients of the large business and international (LB&I) business line. These taxpayers are discussed in the 'Large Business' chapter of this publication.

In addition to its general responsibility for the small business sector, SBI also has responsibility for administration of fringe benefits tax, the reportable payments system, and provisional tax. These are discussed in their relevant chapters.

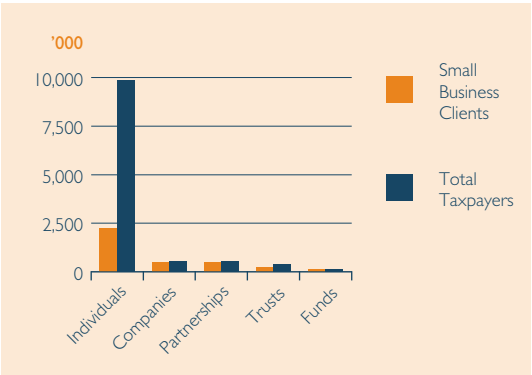
More detailed information on specific types of small business taxpayers, and the tax rates applicable to them, are presented in the 'Companies', 'Funds', and 'Partnerships and Trusts' chapters of this publication.

Definitions

Other taxpayers: the tax returns of the fourth group of SBI clients — other taxpayers — are lodged by the partners and beneficiaries of, respectively, partnerships and trusts. These tax returns are not business returns (unless the taxpayers receive business income from other sources). Within the Tax Office they are referred to as 'subsidiary' returns. In this publication, subsidiary returns are not separately identified. They are included as part of the entries for individuals with business related income.

The inclusion of subsidiary returns in the SBI client population is the main reason why the number of small business taxpayers in this publication is more than four times the estimate of the number of small businesses published by the Australian Bureau of Statistics (ABS). Other major factors contributing to this include differences in the way Tax Office and ABS data are collected, size related differences in the Tax Office and ABS definitions of a small business, and the inclusion in Tax Office data of those salary and wage earners reporting as little as $1 of business income.

Figure 4.1: Number of SBI clients



Client population

Table 4.1: Composition of the SBI client population

Entity	SBI clients	
	'000	%
Individuals	2 249	62.0
Companies	505	13.9
Partnerships	497	13.7
Trusts	249	6.9
Funds	125	3.4
Total	**3 625**	**100.0**

SBI clients lodged slightly more than 3.6 million income tax returns for the 1995–96 income year. Of these, the majority are lodged by 'business' and 'subsidiary' individuals (62%), companies (14%) and partnerships (14%). SBI clients account for almost one-third (32%) of all income tax returns lodged.

Net business income as a proportion of taxable income is about 72% for companies, 79% for partnerships and trusts, but only 14% for individuals. This indicates that small business

Table 4.2: SBI clients by state and type of taxpayer

State	Individuals	Companies	Funds	Partnerships	Trusts	Total
	no.	no.	no.	no.	no.	no.
NSW	687 981	218 557	43 251	129 306	41 920	1 121 015
Vic.	555 533	117 266	36 626	109 945	78 210	897 580
Qld	441 242	76 946	20 845	101 194	41 090	681 317
WA	264 012	40 078	11 721	55 558	36 645	408 014
SA	191 445	32 864	9 063	41 415	19 817	294 604
Tas.	56 255	7 389	1 786	12 865	4 600	82 895
ACT	33 147	6 962	1 400	5 576	2 599	49 684
NT	15 738	3 875	317	2 040	892	22 862
Not stated	4 014	1 261	119	39 559	22 824	67 777
Total	**2 249 367**	**505 198**	**125 128**	**497 458**	**248 597**	**3 625 748**

individuals are dependent for the greater share of their income upon either non-business sources of income, or distributions of income from partnerships and trusts.

The geographic distribution of SBI clients reflects Australia's population profile. In 1995–96, 31% of SBI clients lodged returns in NSW and 25% lodged in Victoria.

Industry

In 1995–96, of those SBI clients for whom industry was known, the largest proportions were in the primary production industry and the finance, insurance, real estate and business services industry (23% each). A further 15% were in the construction industry. One third of all SBI taxpayers did not identify their industry on their tax return.

Industry varies according to the type of small business. For example, 46% of SBI companies were in the finance, insurance, real estate and business services industry. In comparison, only 6% of SBI individuals were in that industry. However, it is not possible to identify the industry from which all SBI individuals receive the business component of their income. The tax return only captures the industry corresponding to the main source of income.

Income

SBI returns represent almost one-third (32%) of all returns. However, they account for just under one-quarter (23%) of total income, 22% of all taxable income, and pay 24% of net tax.

Table 4.3: SBI clients by industry[1]

Industry	Number	Proportion
	no.	%
Primary production[2]	488 734	20.8
Finance, insurance, real estate and business services	485 840	20.6
Construction	315 633	13.4
Retail trade	220 919	9.4
Salary and wages[3]	211 019	9.0
Manufacturing	130 890	5.6
Transport and storage	92 506	3.9
Health and community services	92 058	3.9
Personal and other services	91 704	3.9
Wholesale trade	61 544	2.6
Cultural and recreational services	40 280	1.7
Accommodation, cafes and restaurants	39 979	1.7
Property	27 771	1.2
Sport	23 967	1.0
Communication services	21 472	0.9
Mining	6 644	0.3
Water, sewerage and drainage	1 121	0.0
Electricity supply	564	0.0
Gas supply	264	0.0
Total industry known	**2 352 909**	**100.0**
Total not known[4]	1 147 711	
Total SBI clients[5]	**3 500 620**	

1. In 1995–96, the industry groups are coded using the Australian and New Zealand Standard Industrial Classification (ANZSIC) system. In previous years the Australian Standard Industrial Classification (ASIC) system was used. Therefore, this data should not be used for time series analysis as the industry groups are not comparable.
2. Includes taxpayers who receive distributions from partnerships and trusts with primary production income.
3. Refers mainly to individual salary and wage earners in receipt of partnership and trust distributions of less than $1000. Usually a tax return does not indicate the type of business or industry which generated these distributions.
4. Principally taxpayers with distributions from non-primary production partnerships or trusts.
5. Excludes funds.

Table 4.4: SBI clients' income

Entity	Total business income	Taxable income	Net tax payable
	$ m	$ m	$ m
Individuals[1]	37 116	54 984	12 330
Companies	207 696	16 893	4 657
Funds	8 175	7 270	955
Partnerships[2]	76 149	n.a.	n.a.
Trusts[2]	80 488	n.a.	n.a.
Total	**409 624**	**79 147**	**17 942**

1. For individuals, taxable income includes non-business taxable income, and net tax payable includes tax payable on non-business income.
2. Partnership and trust income is distributed to the other types of taxpayers identified in this table, and they are liable for any tax. This explains the null entries for taxable income and net tax payable.

Companies and individuals make up the majority of SBI clients. Companies account for 51% of total business income, but only 21% of taxable income and 26% of net tax payable. In contrast, SBI individuals account for only 8% of total business income, but 69% of both taxable income and net tax payable.

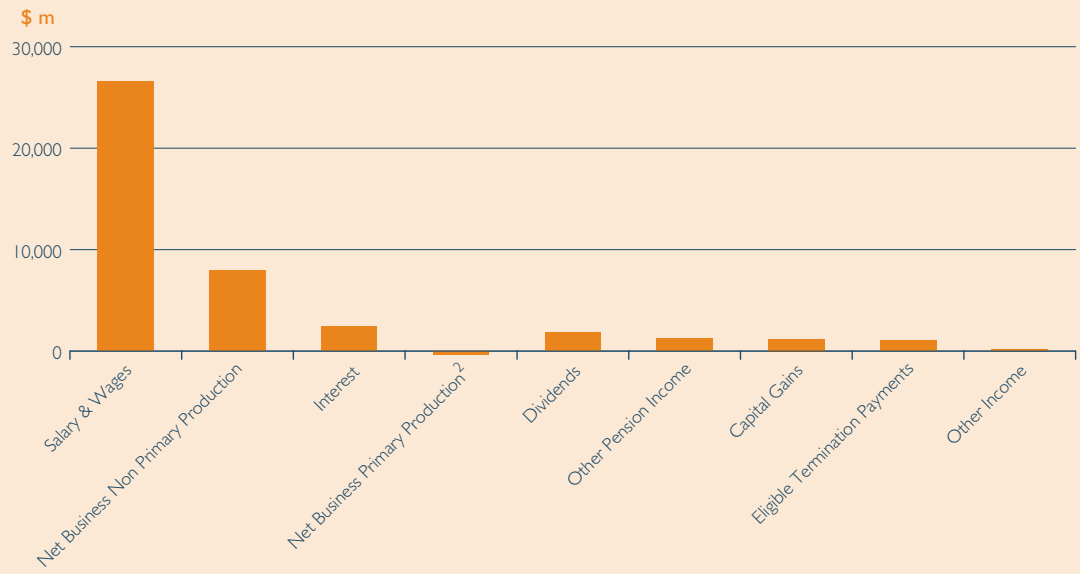
There are two reasons for these differences. Firstly, individuals generally receive significant amounts of salary and wage income, distributions from partnerships and trusts, and business income, and it is not possible to separately identify the net tax payable relating to each different source of income. In addition, companies generally have higher tax-deductible expenses, which include salary and wage expenses.

Companies claim more than half (53%) of all expenses claimed by small business taxpayers.

Individuals and companies are also subject to different tax rates. For individuals, the amount of business income they receive is added to their total income. They then pay tax on this combined amount at their applicable marginal tax rates, which could be as high as 47%. In comparison, companies pay a lower rate of tax.

The source of income varies according to the type of small business. For example, among SBI companies the majority of income comes from the sale of goods and services (68%) (see 'Companies' chapter — page 45). Among SBI individuals, the majority of income comes from salary and wages (63%). This again highlights that

Figure 4.2: Sources of income for SBI Individuals[1]



1. Includes only those individuals who return net business income or loss. Excludes those in receipt of partnerships and trust income.
2. The negative income shown for 'business primary production' indicates that an overall net loss was incurred from this activity by SBI individuals

Table 4.5: SBI expenses[1]

Expenses	Companies	Trusts	Partnerships	Individuals	Total
	$ m	$ m	$ m	$ m	$ m
External labour	9 963	3 192	2 493	1 153	16 801
Super deduction	3 954	1 788	317	218	6 278
Cost of sales[2]	91 411	35 692	27 272	10 265	164 641
Bad debts	376	103	91	30	600
Lease payments	1 314	601	616	294	2 825
Rent	4 910	2 320	2 094	1 168	10 491
Interest	5 845	2 271	2 693	896	11 705
Royalty	255	93	46	0	394
Depreciation	4 294	1 892	3 022	1 302	10 509
Motor vehicle	3 380	1 175	2 287	2 012	8 853
Repairs & maintenance	1 981	1 017	1 825	536	5 360
Other	67 542	25 114	23 349	11 620	127 625
Total	**195 224**	**75 258**	**66 106**	**29 494**	**366 082**

1. Excludes funds.
2. Includes salary and wage expenses.

the majority of SBI individuals earn most of their income from non-business sources.

Expenses

Companies claim over half (53%) of total expenses claimed by SBI taxpayers. This was followed by trusts (21%) and partnerships (18%). Individuals accounted for the remaining 8% of total expenses.

As expected, the greatest proportion (45%) of business expenses were incurred in relation to cost of sales. This was the most common expense for all types of SBI taxpayers. For companies and trusts, the second most common

Table 4.6: Profitability[1] by industry[2]

Industry	Clients	Turnover	Profitability
	no.	$ '000	%
Salary & wage earners[3]	211 019	253	62
Property	27 771	13 363	49
Communication services	21 472	1 877 546	16
Finance, insurance, real estate & business services	485 840	79 803 156	15
Health & community services	92 058	16 315 754	14
Construction	315 633	46 847 988	12
Personal & other services	91 704	9 138 943	11
Primary production	488 734	31 444 271	10
Water, sewerage & drainage	1 121	205 809	9
Transport & storage	92 506	16 787 993	7
Mining	6 644	2 319 215	5
Manufacturing	130 890	52 545 660	5
Cultural & recreational services	40 280	3 163 368	5
Sport	23 967	2 995 752	4
Accommodation, cafes & restaurants	39 979	21 500 402	3
Wholesale trade	61 544	51 736 583	3
Retail trade	220 919	98 661 591	3
Gas supply	264	217 833	1
Electricity supply	564	671 316	0
Industry not stated	1 147 711	17 305 337	11
Total	**3 500 620**	**453 552 136**	**8**

1. Excludes funds.
2. In 1995–96, the industry groups are coded using the Australian and New Zealand Standard Industrial Classification (ANZSIC) system. In previous years the Australian Standard Industrial Classification (ASIC) system was used. Therefore, this data should not be used for time series analysis as the industry groups are not comparable.
3. Refers mainly to individual salary and wage earners in receipt of partnership and trust distributions of less than $1000.

type of expense was external labour. For partnerships, the second most common type of expense was depreciation. Among individuals, it was motor vehicle expenses.

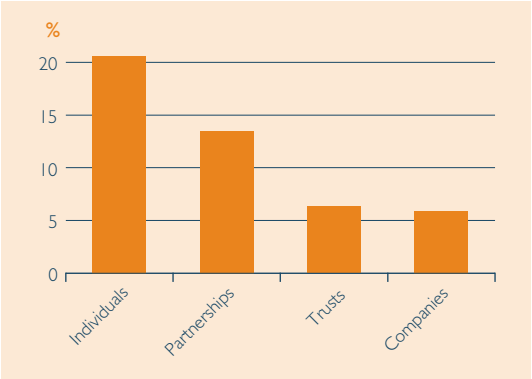
Profitability

For individuals, partnerships and trusts, profitability is defined as the proportion of net business income to total business income. For companies, profitability is defined as the proportion of net operating profit or loss to total income.

In 1995–96, SBI individuals had the highest level of profitability (21%) within the small business sector, while companies had the lowest reported level (6%).

Small business profitability also varies considerably according to industry. In 1995–96, the highest levels of profitability were reported by salary and wage earners (62%). However, this refers mainly to individual salary and wage earners receiving partnership and trust distributions of less than $1000. They have few expenses relating to that income, leading to their high profitability. The next most profitable industries were the property industry (49%), the communication services industry (16%), and the finance, insurance, real estate and business services industry (15%). It is interesting to note that the industry with the highest annual turnover, the retail trade industry ($98.7 billion), reported very low profitability (3%).

Figure 4.3: Profitability by type of taxpayer



In analysing these figures, it is important to note that profitability is calculated differently depending on the type of taxpayer. Therefore, these industry comparisons may be affected by the type of taxpayers making up each industry.

The most profitable industries for taxable SBI companies are finance and insurance, and mining, with average profits of $114,045 and $113,238

Table 4.7 Taxable SBI companies by industry[1]

Industry	Number of companies	Net tax	Operating profit/loss	Average net tax	Average profit
	no.	$ '000	$ '000	$	$
Real estate & business services	61 316	889 967	2 667 360	14 514	43 502
Finance and insurance	45 536	1 397 755	5 193 134	30 696	114 045
Construction	18 591	290 806	824 994	15 642	44 376
Retail trade	17 171	312 477	837 092	18 198	48 750
Manufacturing	15 530	496 794	1 383 338	31 989	89 075
Wholesale trade	10 354	348 818	925 706	33 689	89 406
Health and community services	7 448	103 236	291 444	13 861	39 131
Transport and storage	6 900	113 962	316 781	16 516	45 910
Primary production	4 822	138 113	427 321	28 642	88 619
Personal and other services	4 692	74 018	217 235	15 775	46 299
Accommodation, cafes and restaurants	3 518	85 087	247 724	24 186	70 416
Cultural and recreational services	2 061	51 435	157 675	24 956	76 504
Sport	1 267	22 649	57 789	17 876	45 611
Mining	832	30 184	94 214	36 279	113 238
Communication	779	14 650	39 495	18 806	50 700
Water, sewerage and drainage	109	1 905	5 259	17 477	48 248
Electricity	54	937	2 595	17 352	48 056
Gas	32	359	1 444	11 219	45 125
Industry not stated	10 465	283 446	870 308	27 085	83 164
Total	**211 477**	**4 656 600**	**14 560 916**	**22 019**	**68 853**

1. In 1995–96, the industry groups are coded using the Australian and New Zealand Standard Industrial Classification (ANZSIC) system. In previous years the Australian Standard Industrial Classification (ASIC) system was used. Therefore, this data should not be used for time series analysis as the industry groups are not comparable.

respectively. These industries combined were liable for 31% of all company income tax and represented 22% of the taxable SBI company population. The finance and insurance, and real estate and business services industries were liable for 49% of all SBI company net tax with the mining and wholesale trade industries liable for the highest average net tax.

Cash economy

Cash plays an essential role in the Australian community and will continue to do so into the future despite the growth in the use of EFTPOS and other forms of electronic commerce. The nature of cash means that there will always be an opportunity for tax evasion by people dealing in cash.

Currently, there is no official or reliable estimate of the size of the cash economy in Australia, nor of the taxation revenue foregone due to non-declaration of cash income. Academic studies estimate the cash economy to be somewhere between 3.5% and 13.4% of GDP.

The SBI business line is responsible for implementing strategies to address tax evasion in the cash economy. These strategies include: liaison with industry associations, community groups and tax practitioners; implementing community education programs; and undertaking research. There are a large number of field staff working on various projects related to the cash economy.

Electronic commerce

The rapid growth of the Internet in Australia is creating opportunities for Australian business to gain exposure to a world market. The Tax Office must ensure that the potential growth in Australian business due to electronic commerce is not at the expense of national revenue and that electronic commerce technologies are not used to erode Australia's tax base.

The Tax Office recently prepared a discussion report *Tax and the Internet* which outlined some of the issues facing the Tax Office and made some preliminary recommendations for dealing with them. The report was released in August 1997 and is now open for wider discussion. Following this, the Tax Office expects to produce its final recommendations for consideration by the Government or action by the Tax Office.

Detailed tables

The following detailed tables on small business taxpayers can be found on the CD-ROM attached to this publication.

Table SBI1: Small business individuals — selected items by industry

Table SBI2: Small business companies — selected items by industry

Table SBI3: Small business funds — selected items

Table SBI4: Small business partnerships — selected items by industry

Table SBI5: Small business trusts — selected items by industry

Table SBI6: Small business companies — selected items by grade of net tax

Table SBI7: Small business individuals — selected items by grade of net tax

Table SBI8: Small business individuals — selected items by state

Table SBI9: Small business companies — selected items by state

Table SBI10: Small business funds — selected items by state

Table SBI11: Small business partnerships — selected items by state

Table SBI12: Small business trusts — selected items by state

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Large business

For tax purposes, large businesses are generally defined as those entities who lodge returns with total income, as shown on the income tax return, of $10 million or more. Superannuation funds with total investment income of $50 million or more are also classified as large businesses. In addition, all public companies not operating as bodies corporate and all subsidiaries of large businesses are classified as large businesses, regardless of their total income. Companies make up the bulk of large businesses.

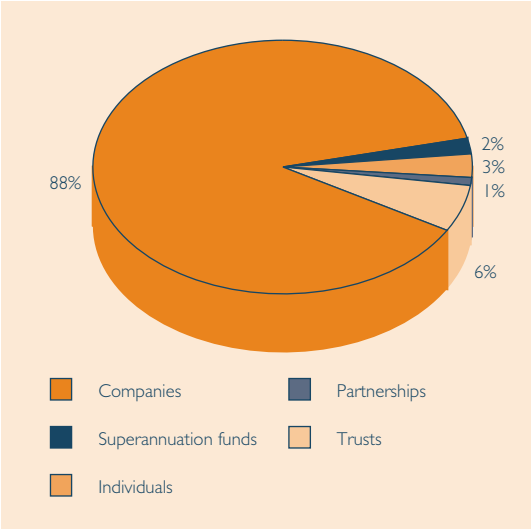
Individuals are defined as large business clients if they have gross income greater than $10 million. Individuals with a gross income of less than $10 million are also classified as large businesses if they have non-primary production business income derived from a partnership or trust which has been defined as a large business. An individual has non-primary production business income if they have any distributions or deductions from partnerships and trusts.

Large businesses are clients of the large business and international (LB&I) business line. LB&I's role is to manage and shape the domestic and international tax systems as they apply to large business, associated key individuals and cross border dealings.

Detailed information on specific types of large businesses including applicable tax rates are presented in the 'Companies', 'Funds' and 'Partnerships and Trusts' chapters of this publication.

The statistics in this chapter are compiled from tax returns for the 1995–96 income year.

Figure 5.1: Composition of the LB&I client population



Client population

In 1995–96 companies made up 88% of the total LB&I client population. However, they only accounted for 5% of all company tax returns.

In 1995–96 almost half (48%) of all large business returns were lodged in NSW. A further 21% were lodged in Victoria and 14% in Queensland.

Industry

In 1995–96, among those large businesses for whom the industry classification was known, the largest proportion was in the finance, insurance real estate and business services industry (50%). 12% of all large businesses did not identify their industry on their tax return.

Table 5.1: LB&I clients by state[1] and entity

State	Companies	Trusts	Individuals	Funds	Partnerships	Total
	no.	no.	no.	no.	no.	no.
NSW	12 369	222	337	217	78	13 223
Vic.	4 769	453	280	147	37	5 686
Qld	3 619	194	115	24	41	3 993
SA	1 190	86	66	9	18	1 369
WA	1 903	174	42	16	24	2 159
Tas.	231	14	15	8	2	270
NT	89	13	4	1	0	107
ACT	179	9	3	9	7	207
Not stated	83	414	3	4	134	638
Total	**24 432**	**1 579**	**865**	**435**	**341**	**27 652**

1. Refers to the state in which large businesses lodged their returns, which may not be where the majority of their business activities were conducted.

Table 5.2: LB&I returns[1] by industry[2]

Industry	Number	Proportion
		%
Finance, insurance, real estate & business services	11 938	49.6
Manufacturing	2 764	11.5
Wholesale trade	2 697	11.2
Retail trade	1 742	7.2
Mining	1 197	5.0
Accommodation, cafes & restaurants	731	3.0
Transport & storage	676	2.8
Construction	663	2.8
Primary production	395	1.6
Personal & other services	312	1.3
Cultural & recreational services	274	1.1
Health & community services	237	1.0
Sport	136	0.6
Communication	116	0.5
Property	61	0.2
Electricity	57	0.2
Gas	34	0.1
Water, sewerage & drainage	11	0.0
Salary and wage	5	0.0
Total industry known	24 046	100.0
Not stated	3 171	11.7
Total	**27 217**	

1. Excludes funds.
2. In 1995–96, the industry groups are coded using the Australian and New Zealand Standard Industrial Classification (ANZSIC) system. In previous years the Australian Standard Industrial Classification (ASIC) system was used. Therefore, this data should not be used for time series analysis as the industry groups are not comparable.

The proportion of large businesses in each industry varied according to their entity type. For example, 52% of all large business companies were in the finance, insurance, real estate and business services industry, compared to only 2% of large business individuals.

Due to the size, complex nature, and diversity of industries and markets in which large businesses operate, the LB&I business line is subdivided into industry segments. Each LB&I industry segment has responsibility for the large businesses within a certain set of industry classes. There are seven industry segments. They are: Banking and Finance, Insurance and Superannuation, Manufacturing, Media and Communications, Mining and Petroleum, Property and Construction, and Services.

The income, expenditure, profitability and level of tax payable by large businesses varies according to the type of industry. This is due, in part, to different production and operating conditions, as well as various tax and industry concessions. Some industries operate under lower profit margins than others and so must rely on greater volumes of sales than other higher margin industries. The LB&I manufacturing segment, for example, made up 37% of the total income of LB&I taxpayers but accounted for only 27% of LB&I clients' operating profit.

Table 5.3: LB&I companies by industry segment

Industry segment	Total income	Operating profit/loss	Net tax payable
	%	%	%
Manufacturing	36.6	26.6	27.8
Banking & Finance	12.3	18.0	20.5
Mining & Petroleum	15.3	19.9	14.1
Services	20.2	9.2	11.1
Insurance & Superannuation	6.2	15.0	11.2
Media & Communication	4.8	7.0	9.9
Property & Construction	4.6	4.2	5.5
Total	**100.0**	**100.0**	**100.0**

Income

Large businesses account for only 0.2% of all tax returns lodged. However, they represent 57% of total income, 23% of taxable income, and pay 17% of all net tax.

Companies make up the majority of large businesses. Companies represent 96% of all large business income, 84% of all large business taxable income, and pay 90% of net tax.

The major source of income for large businesses varies with each entity. For example, among large business companies, the majority of income is generated from the sale of goods and services (61%). Among large business individuals, the majority of income is derived from distributions from partnerships and trusts (78%).

Table 5.4: Large business income by entity

Entity	Total income	Taxable income	Net tax
	$ m	$ m	$ m
Companies	790 561	70 379	11 762
Individuals	667	636	89
Funds	20 515	12 939	1 222
Partnerships[1]	2 799	n.a.	n.a.
Trusts[1]	5 528	n.a.	n.a.
Total	**820 069**	**83 955**	**13 073**

1. Profits from partnerships and trusts are distributed to beneficiaries who pay tax on the income.

Table 5.5: Source of large business income by entity[1]

Source of income	Partnerships	Trusts	Companies	Individuals	Total
	$ m	$ m	$ m	$ m	$ m
Sales of goods & services	n.a.	n.a.	483 879	n.a.	483 879
Income from partnerships & trusts	61	1 110	6 081	521	7 773
Gross rents, leasing & hiring	107	922	6 788	7	7 824
Gross interest	49	1 647	77 615	20	79 329
Gross dividends	20	558	34 239	40	34 857
Other gross income[2]	14 072	32 758	181 960	78	228 868
Total income	**14 308**	**36 995**	**790 561**	**667**	**842 530**

1. Excludes funds.
2. Includes all other income such as royalties, insurance recoveries, subsidies, employee contributions to fringe benefits tax and government assistance from all sources.

Expenses

Of the total expenses claimed by large businesses, companies accounted for 94%.

As with clients of the SBI business line, the greatest proportion (52%) of large business expenses were incurred in relation to cost of sales. Cost of sales was the most common expense for all types of large businesses. This was followed by interest expenses (9%).

Net tax

Large companies and superannuation funds pay their tax under a quarterly instalment system. In this system, the first two instalments are paid in the year in which the income is earned, whilst the third and fourth instalments are paid in the following year.

Partnerships and trusts do not generally pay tax in their own right. Partnerships distribute their net income (or loss) to the partners who include their share of the income in their income tax returns. Trusts distribute their income to beneficiaries who include the income in their tax returns. If no beneficiary is presently entitled to a trust distribution, or if they are entitled but are under a legal disability (e.g. being a minor), the trustee is liable to be assessed on the net income.

In 1995–96, LB&I clients were liable for $13.1 billion in net tax. Most (90%) of this was payable by companies. A further 9% was payable by funds and the remaining 1% was payable by individuals.

Large business companies made up only 5% of all companies, however, they were liable for almost three-quarters (72%) of all net tax for companies. Eight companies were liable for more than $200 million each in net tax.

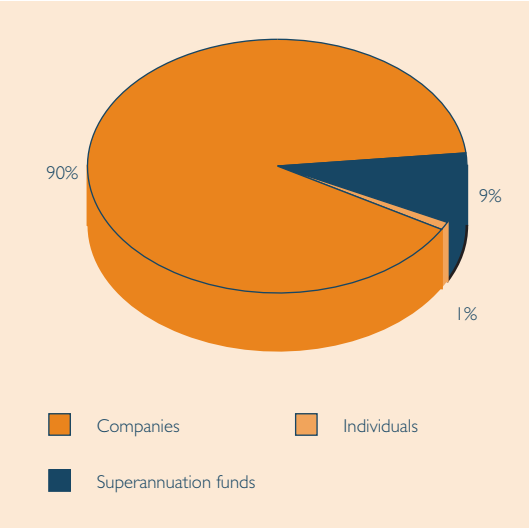
Similarly, large business funds made up less than 1% of the total superannuation fund population. However, they were liable for more than half (56%) of total net tax.

Table 5.6: Large business expenses by entity[1]

Type of expense	Partnerships	Trusts	Companies	Individuals	Total
	$ '000	$ '000	$ '000	$ '000	$ '000
Cost of sales	4 040 899	24 142 764	364 523 374	211 136	392 918 172
Interest expenses	520 627	698 885	70 160 332	6 005	71 385 848
Depreciation	546 657	367 717	17 272 823	7 605	24 194 802
External labour costs	599 991	701 710	11 712 220	9 405	13 023 327
Repairs & maintenance	54 120	210 607	9 541 333	2 159	9 808 219
Rent	305 925	548 293	7 709 494	4 068	8 567 779
Superannuation deductions	51 714	289 152	4 152 405	674	4 493 945
Royalty expenses	39 405	47 626	3 717 048	n.a.	3 804 080
Lease payments	70 084	155 375	2 603 634	720	2 829 814
Motor vehicle expenses	27 748	146 919	2 422 686	4 254	2 601 608
Bad debts	22 350	63 106	1 978 670	89	2 064 215
Other	5 084 746	7 720 088	210 565 271	121 704	223 491 809
Total expenses	**11 364 265**	**35 092 243**	**706 359 292**	**367 819**	**753 183 619**

1. Excludes funds.

Figure 5.2: Tax payable by entity



On average, resident LB&I companies have greater total income and taxable income than non-resident LB&I companies. In 1995–96, resident LB&I companies had an average total income of $32.5 million and an average taxable income of $2.9 million. In contrast, non-resident LB&I companies had an average total income of $20.3 million and an average taxable income of $1.3 million. As a result, resident LB&I companies had greater average net tax payable than non-resident LB&I companies, $482,000 compared to $435,000.

Petroleum resource rent tax

The LB&I business line also has responsibility for Petroleum Resource Rent Tax (PRRT). PRRT is imposed on all offshore petroleum projects except the North West shelf. It is calculated at the rate of 40% of taxable profit, which is calculated as the excess of assessable receipts over deductible expenditure and transferred exploration expenditure. PRRT is paid to the Tax Office on a quarterly basis.

In the 1996–97 financial year, $1,308 million was raised in PRRT. This was a significant increase from $791 million in 1995–96.

Other responsibilities

The LB&I business line also contains six subject segments whose purpose is to identify existing and emerging issues facing tax administration and to prepare appropriate responses to these issues. The six subject segments are: Capital Gains Tax, High Wealth Individuals, International Tax Division, Privatisation, Research and Development, and Strategic Research and Analysis.

Additionally, the LB&I business line is conducting research projects examining major risk areas including electronic commerce (see page 37), transfer pricing, tax losses, cross border leasing, infrastructure borrowings, and the Sydney 2000 Olympics.

Detailed tables

The following detailed tables on clients of the LB&I business line can be found on the CD-ROM attached to this publication.

Table LBI1: Individuals — selected items by industry

Table LBI2: Companies — selected items by industry

Table LBI3: Funds — selected items

Table LBI4: Partnerships — selected items by industry

Table LBI5: Trusts — selected items by industry

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Companies

For taxation purposes, companies include all bodies or associations, corporate or unincorporated, excluding partnerships. For tax purposes some corporate unit trusts and public trading trusts are treated as if they were companies.

Depending on the level of their previous year's tax liability, companies pay income tax either in instalments, some of which are paid during that income year, or in a single lump sum paid during the subsequent year.

For the purposes of tax payment, companies are classified according to their likely tax liability. Likely tax is an estimate of tax payable in the current year, provided by the company. If the company does not provide an estimate of likely tax then it refers to the amount of tax assessed as payable in the most recent prior year.

Company income tax collected in a financial year does not necessarily reflect income tax assessments for an income year. Approximately 3% of companies have substituted accounting periods, where the Commissioner has granted permission for the preparation of their tax return on the basis of an income year ending other than on 30 June. In addition, most companies pay the majority of their tax after their income year has ended. The due date for tax payments depends on the estimate of tax the company is liable to pay and on the operation of any substituted accounting periods.

Within the Tax Office, companies are clients of either the small business income (SBI) business line or the large business & international (LB&I) business line. Companies whose total income is less than $10 million and which are not public companies are classified as small businesses, and are administered by the SBI business line. Public companies operating as bodies corporate are also clients of the SBI business line. Companies whose total income is greater than $10 million or which are public companies not operating as bodies corporate are classified as large businesses, and are administered by the LB&I business line. Companies that are subsidiaries of a large business are also clients of the LB&I business line.

Definitions

Private company: a private company is one in which the shares are not quoted on a stock exchange, or which is capable of being controlled by relatively few shareholders. A subsidiary of a public company cannot be classified as a private company.

Non-profit company: a non-profit company is a company which is not carried on for the purpose of profit or gain to its individual members. The terms of the memorandum or articles of association, rules or other documents constituting the company or governing its activities, must prohibit it from making any distribution in money, property or otherwise to its members.

Cooperative company: a cooperative company is one in which the number of shares held by one person is limited, the shares are not quoted on a stock exchange and the business is carried on primarily for:

- acquiring commodities or animals for disposal or distribution among shareholders;
- acquiring commodities or animals from shareholders for disposal or distribution;
- storage, marketing, packaging or processing of commodities of shareholders;
- rendering of services to shareholders;
- obtaining funds from shareholders for the purpose of making loans to shareholders to enable them to acquire land or building to be used for residence and/or business.

Registered organisation: this can include an association registered under a law of a state or territory as a trade union; a society registered under a law of a state or territory providing for the registration of friendly or benefit societies; and an association of employees that is an organisation within the meaning of the *Workplace Relations Act 1996.*

Pooled development fund: a pooled development fund (PDF) is a company that is registered as a PDF and provides development capital to small and medium companies.

Public company: public companies are companies listed on a stock exchange and may include certain cooperative companies; non-profit companies; government bodies established for public purposes; companies controlled by governments; public company subsidiaries; registered friendly societies, trade unions and employee associations; friendly society dispensaries; corporate limited partnerships; and mutual life assurance companies.

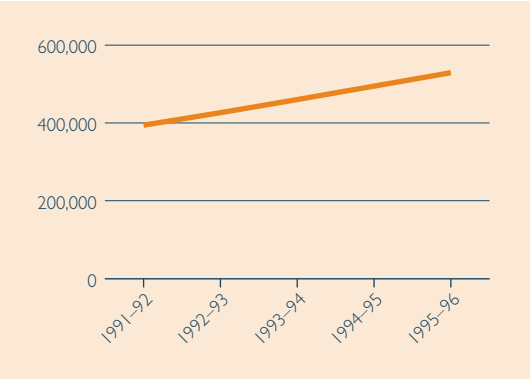
The statistics in this chapter are compiled from company tax returns for the 1995–96 income year, that were processed before 30 September 1997.

Client population

In 1995–96, there were approximately 530,000 companies in Australia, compared to 394,000 in 1991–92. Most companies (95%) are clients of the SBI business line, but they are only liable for 28% of company net tax.

Among those companies for whom industry was known, the most common industry was finance, insurance, real estate and business services (49%). It was the most common type of industry for both SBI and LB&I companies, accounting for 49% and 52% respectively. Among SBI companies it was followed by the manufacturing industry (10%). Among LB&I companies it was followed by the construction industry (12%). 8% of all companies did not state their industry on their tax return.

Figure 6.1: Company tax returns lodged



Company income

In 1995–96, total company income was $998.3 billion. LB&I companies received 79% of total company income ($790.6 billion). Company income has been increasing over the past five years, from $641 billion in 1991–92.

The majority of company income was earned from sales of goods and services. In 1995–96, this accounted for 63% of all company income. This was followed by gross interest (8%) and gross dividends (4%). Other income, such as royalties, insurance recoveries, subsidies, employee contributions to fringe benefits tax and government assistance accounted for 23% of total LB&I company income.

The main source of income varied according to the size of the company. For example, sales of goods and services made up a greater proportion of income for SBI companies (68%) than for LB&I companies (61%).

The amount of income raised from each source increased in 1995–96 with the exception of 'other income'. The main reason for this

Table 6.1: Companies by industry[1]

Industry	LB&I	SBI	Total
	no.	no.	no.
Finance, insurance, real estate and business services	11 507	230 315	241 822
Construction	560	45 255	45 815
Retail trade	1 275	42 418	43 693
Manufacturing	2 564	35 792	38 356
Wholesale trade	2 344	24 285	26 629
Health & community services	189	20 646	20 835
Transport & storage	620	17 390	18 010
Primary production	315	13 789	14 104
Personal & other services	300	12 541	12 841
Accommodation, cafes & restaurants	682	10 047	10 729
Cultural & recreational services	260	5 283	5 543
Sport	127	4 007	4 134
Mining	1 179	2 169	3 348
Communication	113	1 998	2 111
Water, sewerage & drainage	11	282	293
Electricity	55	142	197
Gas	29	77	106
Not stated	2 302	38 762	41 064
Total	**24 432**	**505 198**	**529 630**

1. In 1995–96, the industry groups are coded using the Australian and New Zealand Standard Industrial Classification (ANZSIC) system. In previous years the Australian Standard Industrial Classification (ASIC) system was used. Therefore, this data should not be used for time series analysis as the industry groups are not comparable.

Table 6.2: Company sources of income

Income	LB&I		SBI		Total	
	$ m	%	$ m	%	$ m	%
Sales of goods & services	483 879	61.2	141 205	68.0	625 084	62.6
Gross interest	77 615	9.8	3 525	1.7	81 140	8.1
Gross dividends	34 239	4.3	2 593	1.2	36 832	3.7
Gross rents	6 788	0.9	5 355	2.6	12 143	1.2
Partnership/trust income	6 081	0.8	4 785	2.3	10 866	1.1
Other income[1]	181 960	23.0	50 234	24.2	232 194	23.3
Total income	**790 561**	**100.0**	**207 697**	**100.0**	**998 258**	**100.0**

1. Includes all other income such as royalties, insurance recoveries, subsidies, employee contributions to fringe benefits tax and government assistance from all sources.

exception was the movement of income from sales of goods and services from the category 'other income' to a separate item on the company tax return form. There could also be an understatement of sales of goods and services as some of the data may still be included in the 'other income' category.

Company expenses

In 1995–96 company expenses totalled $901.6 billion, up from $603.6 billion in 1991–92. The most common expense faced by companies was cost of sales. Just over half (51%) of all company expenses were related to cost of sales. Interest expenses on money borrowed from Australian sources was another significant expense, accounting for 8% of all company expenses.

As with income, the main expenses faced by companies varied according to the size of the company. Cost of sales made up a greater proportion of expenses for LB&I companies (52%) than for SBI companies (47%). Interest expenses on money borrowed from Australian sources made up a further 9% of LB&I company expenses. Among SBI companies, external labour costs such as consultants, contractors etc. accounted for 5% of expenses.

The differences in the income and expenditure of SBI and LB&I companies reflect factors such as economies of scale and industry concentration. For example, labour and superannuation costs represent a high portion of total costs for SBI companies, reflecting the larger numbers of SBI companies in labour-intensive industries such as the construction industry. Rent expenses also represent a higher portion of total SBI company costs, mostly due to large numbers of small wholesale and retail traders.

Net tax

Companies were liable for $16.4 billion in net tax in respect of the 1995–96 income year. This amount was generally paid in instalments in the

Table 6.3: Types of company expenses

Type of expense	LB&I		SBI		Total	
	$ m	%	$ m	%	$ m	%
Cost of sales	364 523	51.6	91 411	46.8	455 934	50.6
Interest	70 161	9.9	5 845	3.0	76 006	8.4
External labour costs	11 712	1.7	9 963	5.1	21 675	2.4
Depreciation	17 273	2.4	4 294	2.2	21 567	2.4
Rents	7 709	1.1	4 910	2.5	12 619	1.4
Repairs & maintenance	9 541	1.4	1 981	1.0	11 522	1.3
Superannuation	4 152	0.6	3 954	2.0	8 106	0.9
Motor vehicle	2 423	0.3	3 380	1.7	5 803	0.6
Royalty	3 717	0.5	255	0.1	3 972	0.4
Lease	2 604	0.4	1 314	0.7	3 918	0.4
Bad debts	1 979	0.3	376	0.2	2 355	0.3
Other expenses	210 565	29.8	67 542	34.6	278 107	30.8
Total expenses	**706 359**	**100.0**	**195 227**	**100.0**	**901 586**	**100.0**

1995–96 and 1996–97 financial years. Taxes paid by companies represented 19% of total Tax Office collections in the 1995–96 financial year, and 18% in the 1996–97 financial year.

The amount of company net tax payable has increased by $4.3 billion since 1991–92. Among other factors, variations in the amount of tax paid are caused by changing tax rates. In 1991–92 the company tax rate was 39%. In 1993–94 it dropped to 33% and in 1995–96 it rose to 36%.

The bars on figure 6.2 show the actual amount of net tax payable. The line shows the amount that would have been payable if the 1995–96 company tax rate of 36% had applied in each year. This comparison shows that the increase in the tax rate was one of the reasons for the increase in net tax applying to the 1995–96 income year. However, net tax payable for 1995–96 was also affected by tax planning in response to the change in the tax rate, resulting in some companies moving taxable income forward to 1994–95 to take advantage of the lower tax rate.

In 1995–96, most (91%) companies were private companies. These private companies accounted for 40% of all company income tax. The greatest proportion of company net tax was payable by public companies. They were liable for $9.3 billion in net tax, accounting for 57% of all company income tax. However, these public companies only represented 4% of the entire company population.

In 1995–96 LB&I companies represented only 5% of all companies, yet these companies were liable for 72% of total company net tax.

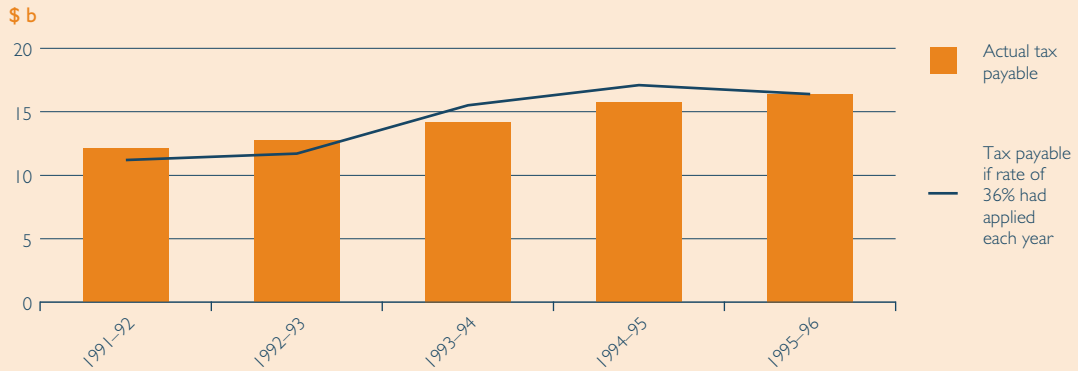
Table 6.4: Net tax payable by company type

Company type	Companies	Net tax	Average net tax
	no.	$ m	$
Private company	479 587	6 582	13 724
Strata title	20 183	5	251
Public company	19 028	9 300	488 744
Non-profit organisation	2 561	57	22 086
Co-operative	1 508	28	18 550
Registered organisation	614	328	534 370
Pooled development fund	22	1	45 429
Not stated	6 127	118	19 273
Total	**529 630**	**16 419**	**31 000**

The greatest proportion of company net tax was collected from companies in the finance and insurance industry. These companies were liable for 36% of total company tax. LB&I companies were liable for 76% of the net tax in that industry, despite accounting for only 6% of all companies in that industry. The greatest proportion of SBI companies (26%) were in the property and business services industry. These companies were liable for 19% of net SBI company tax.

The majority of tax (51%) was payable by companies paying $5 million or more. These companies, however, only make up 0.1% of the total number of companies. Approximately 58% of companies are non-taxable. The number of non-taxable companies has varied between 56 and 61% during the last 5 years. Non-taxable companies include non-trading companies and nil returns. However the majority were private companies operating at a loss.

Figure 6.2: Company net tax payable[1]



1. Net tax differs from the amount published in *Taxation Statistics 1994–95* due to subsequently amended tax returns

Table 6.5: Net tax payable by industry[1]

Industry	LB&I		SBI		Total	
	no.	$ m	no.	$ m	no.	$ m
Finance, insurance, real estate and business services	11 507	5 079	230 315	2 288	241 822	7 367
Construction	560	135	45 255	291	45 815	425
Retail trade	1 275	301	42 418	312	43 693	613
Manufacturing	2 564	2 303	35 792	497	38 356	2 800
Wholesale trade	2 344	805	24 285	349	26 629	1 154
Health & community services	189	41	20 646	103	20 835	144
Transport & storage	620	237	17 390	114	18 010	351
Primary production	315	42	13 789	138	14 104	180
Personal & other services	300	33	12 541	74	12 841	107
Accommodation, cafes & restaurants	682	55	10 047	85	10 729	140
Cultural & recreational services	260	97	5 283	51	5 543	148
Sport	127	99	4 007	23	4 134	122
Mining	1 179	1 039	2 169	30	3 348	1 069
Communication	113	1 017	1 998	15	2 111	1 032
Water, sewerage & drainage	11	0	282	2	293	2
Electricity & gas	84	16	219	1	303	17
Not stated	2 302	464	38 762	283	41 064	747
Total	**24 432**	**11 762**	**505 198**	**4 657**	**529 630**	**16 419**

1. In 1995–96, the industry groups are coded using the Australian and New Zealand Standard Industrial Classification (ANZSIC) system. In previous years the Australian Standard Industrial Classification (ASIC) system was used. Therefore, this data should not be used for time series analysis as the industry groups are not comparable.

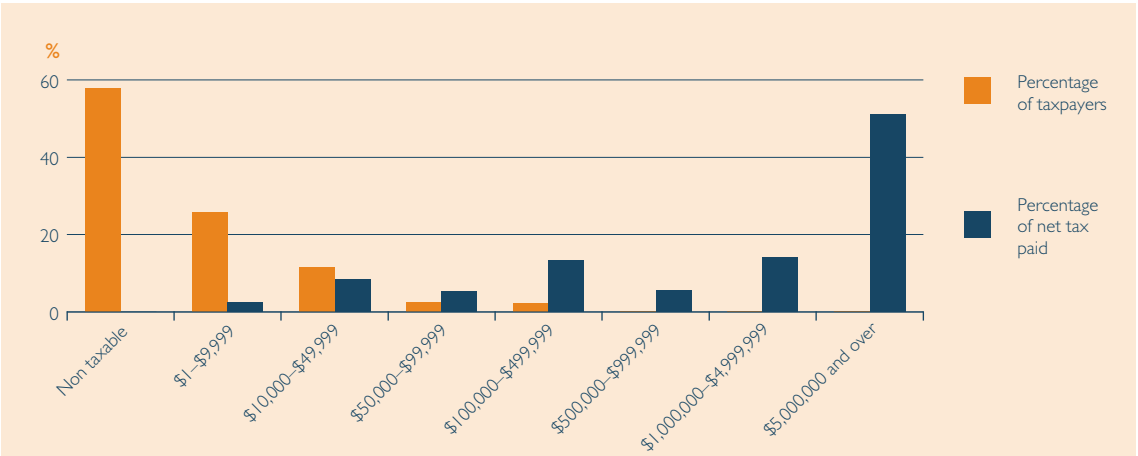
Company balance dates

The majority of companies (97%) balance their financial statements on 30 June and remit 63% of all company income tax. The remaining 3% of companies balance at various times in the year and remit 37% of company income tax. A detailed table of company balance dates is included on the CD-ROM.

Return form compilation

Company returns were lodged either electronically or in paper form. A facsimile of the return form can be found in Appendix 1. Statistics for most items shown on the return form are included in the tables.

Figure 6.3 Companies by grade of net tax payable



Company rates

The following rates of tax are applicable to company income in the 1995–96 income year.

Private companies (other than life companies, pooled development funds, and registered organisations) Rate: 36%

Public companies (other than life companies, pooled development funds, and registered organisations) Rate: 36%

Note: Public includes non-profit companies which are not liable to tax unless taxable income exceeds $416. Where taxable income is $1,204 or less, the tax payable is limited to 55% of the excess of taxable income over $416. Friendly society dispensaries are non-profit companies.

Life assurance companies

- taxable income component relating to policies held by complying superannuation funds or in respect of roll-over annuities Rate: 15%
- taxable income component relating to policies held by non-complying superannuation funds Rate: 47%
- taxable income component relating to policies for accident and disability insurance and residual life assurance Rate: 39%
- taxable income component relating to non-statutory fund income:
  - mutual life companies Rate: 39%
  - other life companies Rate: 36%

Registered organisations

- taxable income component relating to policies held by complying superannuation funds or in respect of roll-over annuities Rate: 15%
- taxable income component relating to policies held by non-complying superannuation funds Rate: 47%
- taxable income component relating to eligible insurance business Rate: 33%

Pooled development funds (PDFs)

- companies that are PDFs during the whole year of income:
  (i) on SME income component Rate: 15%
  (ii) on unregulated investment component Rate: 25%
- companies that become PDFs during the income year and remain PDFs at the end of the income year:
  (i) on SME income component Rate: 15%
  (ii) on that part of the taxable income which does not exceed the PDF component Rate: 25%
  (iii) on that part of the taxable income which exceeds the PDF component Rate: 36%

Credit unions

- small credit unions (notional taxable income less than $50,000) Rate: nil
- medium credit unions (notional taxable income over $49,999) Rate: 30%
- large credit unions (notional taxable income over $149,999) Rate: 20%

Detailed tables

The following detailed tables on companies can be found on the CD-ROM attached to this publication.

Table C1: Companies: company type by grade of net tax

Table C2: Companies: all items by grade of taxable income and company type split into three tables: Taxable; Non Taxable; and Total

Table C3: Companies: broad industry by grade of total income

Table C4: Companies: selected items by broad industry

Table C5: Companies: business line by broad industry by company type

Table C6: Companies: selected items 10 year table

Table C7: Companies: taxable companies — percentage distribution by grade of taxable income

Table C8: Companies: Income tax paid by balance date

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Funds

Funds include superannuation funds, approved deposit funds, pooled superannuation trust returns and retirement savings accounts.

Within the Tax Office, funds with total investment income of less than $50 million are classified as small business, and are clients of the SBI business line. Funds where total investment income is greater than $50 million are classified as large business, and are clients of the LB&I business line. In addition, the Superannuation group is responsible for administering the Superannuation Guarantee, Reasonable Benefit Limits, and the Superannuation Holding Account Reserve system. It also has a role in advising on superannuation policy and implementing community education programs.

The statistics in this chapter are compiled from fund tax returns for the 1995–96 income year, that were processed before 11 September 1997.

The income year statistics contained in this publication differ from financial year figures published elsewhere due to the timing of the tax payment system. Tax collections in a particular financial year include payments relating to various income years from funds with different balance dates and classifications. For example, tax payments for large June balancing funds for the 1995–96 income year were due on 1 March 1996, 1 June 1996, 1 September 1996 and 1 December 1996. Therefore, the first two instalments were paid in the 1995–96 financial year, and the final instalments were paid in the 1996–97 financial year.

Definitions

June balancers: a June balancing fund is one which has an accounting period from 1 July to 30 June. Some funds (less than 1%) have substituted accounting periods, where the Commissioner has granted permission for the preparation of their tax return on the basis of an income year ending other than on 30 June.

The dates for payment of tax and lodgement of returns are determined by a fund's classification and accounting period. Funds are classified according to their likely tax. Likely tax is an estimate of current year tax payable which may be provided by the fund. If there is no estimate made, the fund will be classified by a previous or earlier year's tax amount.

Likely tax	Classification
Less than $8,000	Small
Between $8,000 and $300,000	Medium
More than $300,000	Large

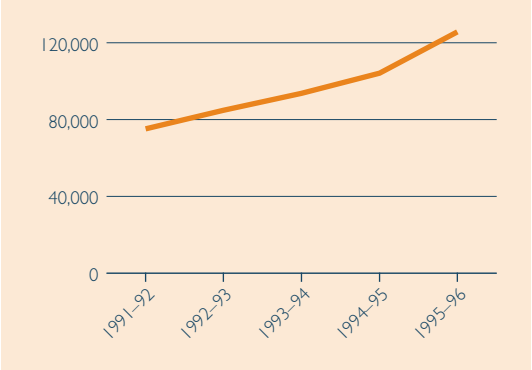
Superannuation funds: a superannuation fund is a trust fund established to provide benefits to members or their dependants upon the sickness, death or retirement of the member. Government schemes may be funded from consolidated revenue without a separate trust existing.

Approved deposit funds: an approved deposit fund is an indefinitely continuing fund which is maintained by approved trustees solely for approved purposes, namely the receipt of roll-over amounts.

Pooled superannuation trusts: a pooled superannuation trust is a unit trust which operates as an investment vehicle for funds of other unrelated superannuation funds.

Retirement savings accounts: retirement savings accounts are offered by banks, building societies, credit unions and life insurance companies. They provide superannuation without using a trust structure. They are especially suited to those with small amounts of superannuation.

Figure 7.1 : Fund tax returns lodged



Client population

The number of funds has increased over the last five years, from 75,076 in 1991–92 to 125,563 in 1995–96. Most funds (98%) are superannuation funds.

Fund income

In 1995–96, the majority of fund income (53%) was derived from employer contributions. This was followed by gross interest (11%) and gross

Table 7.1: Fund income items

Income	LB&I		SBI		Total	
	$ m	%	$ m	%	$ m	%
Employer contributions	9 781	47.7	5 514	67.4	15 295	53.3
Gross interest	2 516	12.3	752	9.2	3 268	11.4
Gross dividends	2 443	11.9	470	5.7	2 913	10.2
Net capital gains	1 964	9.6	304	3.7	2 268	7.9
Employee contributions	800	3.9	407	5.0	1 207	4.2
Gross rents	529	2.6	246	3.0	775	2.7
Net foreign income	713	3.5	36	0.4	749	2.6
Other income[1]	1 769	8.6	447	5.5	2 216	7.7
Total income	**20 515**	**100.0**	**8 175**	**100.0**	**28 690**	**100.0**

1. Includes net excessive private company dividends and net previous income.

dividends (10%). Only 4% of income came from employee contributions.

There is a noticeable difference in the source of income of large and small funds. SBI funds received over two-thirds of their income from employer contributions, while LB&I funds received less than half of their income from this source. LB&I funds received a significantly higher portion of their income from investment earnings in the form of net capital gains, dividends and net foreign income than did small funds.

Deductions

In 1995–96, the main type of deduction claimed by funds was transfers of taxable contributions (35%). This was followed by exempt current pension income (21%). 43% of deductions were categorised as 'other deductions', which includes interest expenses and exempt income.

There were differences in the types of deductions claimed by large and small funds. More than one-third (37%) of all deductions claimed by LB&I funds were for the transfer of taxable contributions to an organisation in which they have an investment, compared to only 15% of deductions claimed by SBI funds. Almost one-quarter (22%) of deductions claimed by LB&I funds were for exempt current pension income, compared to 12% of deductions claimed by SBI funds.

Net tax

In 1995–96, funds were liable for $2.2 billion in tax. While superannuation funds were liable for the majority of all tax ($2.0 billion), they had the lowest average net tax. Superannuation funds were liable for an average of $16,126 in net tax, compared to $29,670 for approved deposit funds and $740,452 for pooled superannuation trusts.

Table 7.3: Type of fund

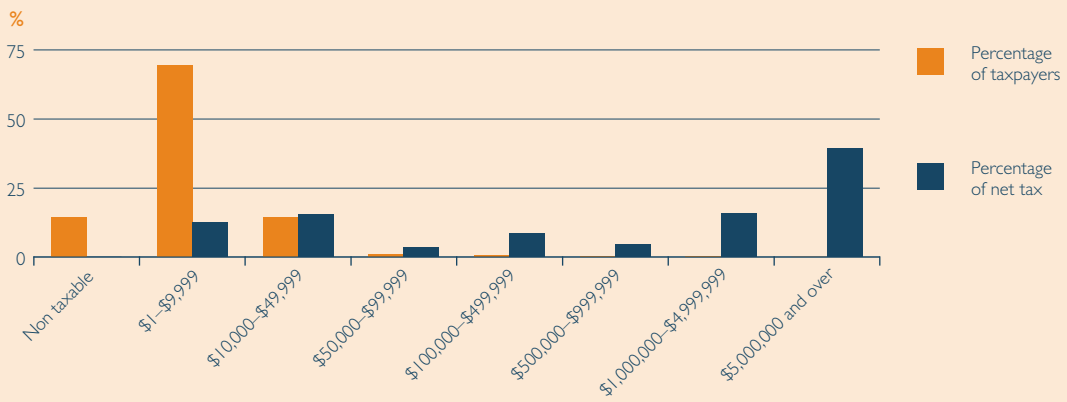
Type of fund	Funds	Net tax	Average net tax
	no.	$ m	$
Superannuation fund	123 631	1 994	16 126
Approved deposit fund	1 618	48	29 670
Pooled superannuation trusts	135	100	740 452
Not stated	179	35	198 093
Total	**125 563**	**2 177**	**17 339**

Table 7.2: Fund deduction items

Deductions	LB&I		SBI		Total	
	$ m	%	$ m	%	$ m	%
Transfers of taxable contributions	2 814	37.0	141	15.0	2 955	34.6
Exempt current pension income	1 675	22.0	112	11.9	1 787	20.9
Losses recouped	78	1.0	42	4.5	120	1.4
Other deductions[1]	3 032	39.9	646	68.7	3 678	43.1
Total deductions	**7 599**	**100.0**	**941**	**100.0**	**8 539**	**100.0**

1. Includes interest expenses — Australia, interest expenses — overseas, and exempt S290A income.

Figure 7.2: Percentage of taxpayers and net tax



The amount of net tax has varied significantly during the past five years. In 1991–92, funds were liable for $1.4 billion in tax. This decreased to $1.2 billion in 1992–93, which was partly due to the introduction of new superannuation arrangements restricting the deductibility of employee contributions. The amount of net tax increased in 1993–94. This was mainly due to a strong growth in capital gains income. Tax paid then declined in 1994–95.

The higher net tax in the 1995–96 income year was due to higher earnings on assets generally, resulting in a growth in capital gains, gross interest and other net income. The growth in gross dividends tends to have a negative impact on net tax paid by funds as imputation credits are claimed on franked dividends. The growth in imputation credits is reflected in the growth in rebates and credits. Increased employer contributions also contributed to the increase in net tax.

Most funds are clients of the SBI business line (99.7%). However SBI funds are liable for only 44% of total fund net tax. The majority of funds (79%) are excluded funds, which are regulated funds with less than five members.

Among large business clients, the greatest proportion of superannuation funds (38%) are employer sponsored or corporate funds. These are liable for the largest amount of tax for LB&I funds, accounting for 28% of the total.

Excluded funds are liable for 27% of the total net tax of funds. Employer sponsored or corporate funds are liable for the largest amount of tax, accounting for 28% of the net tax of funds in 1995–96.

Life assurance companies

Statistics for life assurance companies and registered organisations are not included in this chapter. The income and expenses for the superannuation fund business, returned by life assurance companies and registered organisations, are included in their company tax returns and detailed statistics are not recorded separately.

Table 7.4: Net tax by type of fund

Type of fund	LB&I		SBI		Total	
	Funds	Net tax	Funds	Net tax	Funds	Net tax
	no.	$ m	no.	$ m	no.	$ m
Excluded	23	49	99 747	542	99 770	591
Employer sponsored or corporate	167	342	12 971	271	13 138	612
Public offer or retail	106	158	471	40	577	198
Industry or award	38	274	494	26	532	300
Public sector fund	42	280	43	4	85	284
Other	59	119	11 402	71	11 461	191
Total	**435**	**1 222**	**125 128**	**955**	**125 563**	**2 177**

What is the Superannuation Guarantee?

The Government is committed to a retirement income policy that provides encouragement for individuals to achieve a higher standard of living in retirement than would be possible from the age pension alone, and also ensures that Australians have security and dignity in retirement. The Government believes that these objectives can best be met by the current three pillared retirement income system comprising:

- voluntary superannuation and other private savings;
- compulsory savings through Superannuation Guarantee contributions; and
- a means tested age pension and associated social security arrangements.

The Superannuation Guarantee Charge has applied from 1 July 1992. The main aim of the policy is to eventually make most Australians independent of the age pension. The Tax Office's role is to ensure that employers pay their required contributions.

Under the Superannuation Guarantee, employers are required to make minimum levels of superannuation contributions to a complying superannuation fund or retirement savings account provider for employees. If employers fail to do so, they are requried to pay the Superannuation Guarantee Charge applicable.

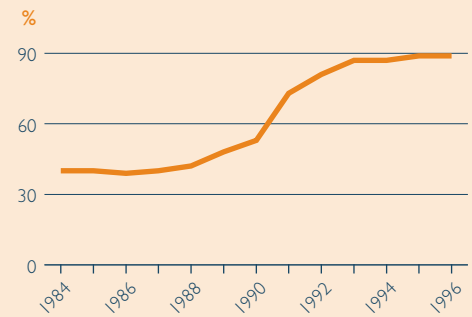
The minimum level of superannuation support payable is 6% of each employee's earnings for the year 1 July 1997 to 30 June 1998. The percentage will increase gradually to 9% by 1 July 2002.

Employers who do not make sufficient contributions for any employee have to pay the Superannuation Guarantee Charge and lodge a Superannuation Guarantee Statement with the Tax Office.

The Superannuation Guarantee Charge consists of the total amount of all employee shortfalls, an interest component and an administration fee. It costs more than paying the level of superannuation required. The charge is collected by the Tax Office. Unlike superannuation contributions, the charge is not tax deductible.

In May 1995, the Retirement Income Modelling Taskforce said that the level of superannuation

Figure 7.3: Employee superannuation coverage



Source: ISC Bulletin, December 1996

assets in the Australian economy had grown from $40 billion in 1983 to $186 billion in 1995. They also found that superannuation initiatives have increased the real retirement income of individuals by more than 60%, compared to what they would have received had they relied solely on the age pension *(Retirement Income Modelling Taskforce: Saving for our Future, 9 May 1995)*.

Prior to the introduction of the Superannuation Guarantee in 1992, the only mandatory superannuation requirement was Award based superannuation of 3%.

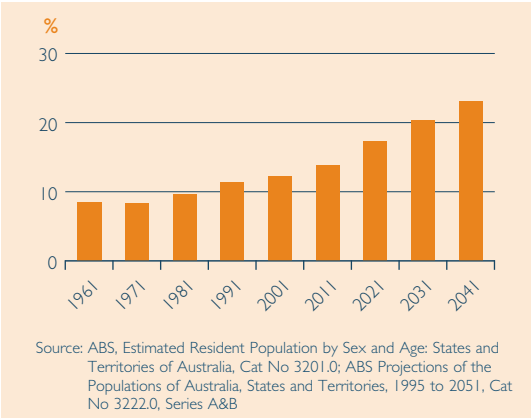
The introduction of both award based superannuation and the Superannuation Guarantee had an almost immediate effect on the levels of superannuation coverage. In 1988, 40% of employees had superannuation coverage. By 1991, after the introduction of mandatory award based superannuation, 73% of employees had superannuation coverage. By 1996, four years after the introduction of the Superannuation Guarantee, 89% of employees had superannuation coverage.

Why superannuation coverage is compulsory

There are a number of social and economic variables which led to the introduction of the Superannuation Guarantee. Providing an aged pension to the retired population relies on raising revenue to match and support the levels of retirees receiving pensions. However, this is not happening. By 2041, it is projected that 23% of the Australian population will be aged 65 and over, compared to 12% in 1996.

This increase in the proportion of the population who are aged 65 and over is occurring for several

Figure 7.4: Proportion of the population aged 65 and over



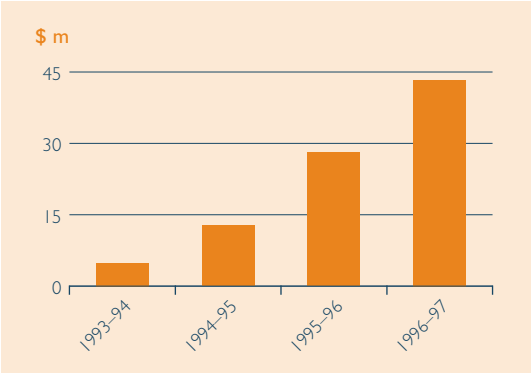
Source: ABS, Estimated Resident Population by Sex and Age: States and Territories of Australia, Cat No 3201.0; ABS Projections of the Populations of Australia, States and Territories, 1995 to 2051, Cat No 3222.0, Series A&B

reasons. People are living longer and spending longer in retirement. Current life expectancy at birth is 75 years for males and 81 years for females, an increase of 20 and 22 years respectively since 1901–10. Also, people are having fewer children. At the same time immigration has reduced and emigration has increased. As a result, the potential pool of people available to work compared to those retired is reducing.

Superannuation Guarantee revenue received

In 1996–97, $43.3 million was received through the Superannuation Guarantee. There have been large increases in the amount of Superannuation Guarantee collected during the past three years. Between 1993–94 and 1994–95, the total amount collected increased by 165%. In the following year it increased by 124%. Between 1995–96 and 1996–97 the rate of growth slowed to 52%.

Figure 7.5: Superannuation Guarantee revenue received



In 1996–97, the value of Superannuation Guarantee assessments raised was $57.8 million. The majority ($43.0 million) was made up of the shortfall in superannuation. A further $7.9 million was made up of interest and $4.3 million was made up of administration charges.

Superannuation Guarantee vouchers

Employees with money in a Tax Office Superannuation Guarantee account (paid in by their employer) are sent a notification which advises them that the money is available for placement, by them, into a superannuation fund or retirement savings account. Attached to the notice is a voucher which the employee presents to the superannuation fund or retirement savings account provider. They present the voucher to the Tax Office, seeking payment of the superannuation contributions.

Table 7.5: Total Superannuation Guarantee vouchers issued

	Vouchers	Value
	no.	$ m
Vouchers issued and claimed	96 170	33
Vouchers issued and not yet claimed	159 283	35
Total	**255 453**	**68**

To 1 June 1997, there were 255,453 Superannuation Guarantee vouchers issued. These vouchers were worth $68 million. Only 96,170 (38%) of these vouchers have been claimed. However, those claimed were worth $33 million, accounting for 49% of the total value of vouchers issued.

Of all unclaimed Superannuation Guarantee vouchers, 41% were more than 12 months old and accounted for 36% of the total value of

Table 7.6: Age of unclaimed Superannuation Guarantee vouchers

Age of voucher (from date of issue)	Vouchers	Value
	no.	$ (000)
less than 1 month	14 438	3 802
1 month to less than 6 months	40 149	9 660
6 months to less than 12 months	39 402	8 697
12 months to less than 24 months	42 500	8 626
24 months or more	22 795	3 735

unclaimed vouchers. 34% of unclaimed vouchers were less than six months old and made up 39% of the total value of unclaimed vouchers.

Superannuation Holding Accounts Reserve

The Superannuation Holding Accounts Reserve (SHAR) was established in 1995. Its purpose is to collect small superannuation contributions from employers who are unable to find a superannuation fund willing to accept small superannuation contributions on behalf of employees.

SHAR was required because a large number of superannuation accounts with small balances were being created. This is mainly due to changing employment patterns. Small superannuation amounts are particularly prevalent in industries which employ a high number of casual workers — such as tourism and agriculture industries. Women in particular are likely to be holders of small amounts. There is also a likelihood that more people will have a broken work history over their working life.

SHAR is distinct from a superannuation fund as it is a holding mechanism which allows individuals to consolidate their small employer contributions. Once their funds are consolidated and large enough to be self sufficient, i.e. not eroded by administration costs, they should be transferred to a superannuation fund or retirement savings account provider. SHAR has also encouraged superannuation funds to provide low cost accounts for those contributors with small amounts.

At 1 June 1997, the balance of SHAR was $9.6 million. Most of this was held in individual accounts ($9.0 million). A further $0.3 million was made up of employer accounts awaiting distribution to individual accounts.

At 1 June 1997, there were 61,942 individual SHAR accounts. The average value of these accounts was $146 each. There were also 12,714 accounts with a zero balance. These are accounts that have been redeemed, i.e. the money has been paid out or gone to a fund, but the record is still maintained for legislative reasons.

Table 7.7: Individual account balances held in SHAR

Individual account balance	Number	Total value	Average value
	no.	$	$
$0	12 714	0	0
Under $100	25 839	1 251 232	48
$100 to $500	19 171	4 272 164	223
$500 to $1000	3 350	2 295 555	685
Over $1000	868	1 209 853	1 393
Total	**61 942**	**9 028 804**	**146**

Reasonable Benefit Limits

Reasonable Benefit Limits (RBLs) are the maximum amount of retirement and termination of employment benefits that a person can receive over their lifetime at concessional rates of tax. Benefits taken in excess of a person's RBL do not receive tax concessions.

There are two types of RBLs — those which apply to people receiving mostly lump sums and those that apply to people receiving mostly pensions. RBLs are indexed annually according to the movement in Average Weekly Ordinary Time Earnings published by the Australian Bureau of Statistics. For the financial year ended 30 June 1997, the lump sum RBL was $434,720 and the pension RBL was $869,440. Higher (transitional) RBLs may apply in some circumstances.

The main objective of the RBL regime is to determine whether benefits (superannuation pensions, annuities, eligible termination payments) are within or in excess of a person's RBL. If a benefit is in excess of a person's RBL, tax is payable on the amount of the excess at the highest personal income tax rate (currently 47%). If a superannuation pension or an annuity is in excess of a person's RBL, the proportion of the benefit that is subject to the pension rebate is reduced accordingly.

In 1995–96, 665,371 individuals received Eligible Termination Payments (ETPs). These payments were worth $8.5 billion. The average ETP was $12,853. A further 24,012 clients received benefits in the form of pensions or annuities.

While the number of individuals receiving ETPs has increased since 1993–94, the total value of ETPs, and therefore the value per person, has actually decreased. One reason for this may be

Table 7.8: Eligible Termination Payments (ETPs) received

		1993–94	1994–95	1995–96
No. of individuals receiving ETPs	no.	347 463	688 782	665 371
No. of ETPs paid	no.	566 722	907 314	870 727
Total value of ETPs	$b	12.5	9.4	8.5
Value per person	$	36 206	13 612	12 853
No. of clients receiving benefits in the form of pensions or annuities	no.	46 703	24 030	24 012

recent widespread downsizing by both public and private organisations where many people have left their jobs and received redundancy payments. However, as many of these people are young, and have not been working for long, the value of the benefit is less.

Retirement Savings Accounts

Superannuation can be offered by banks, building societies, credit unions and life insurance companies without a trust structure in the form of retirement savings accounts (RSAs).

The introduction of RSAs complements existing superannuation arrangements by increasing competition and choice. This puts downward pressure on fees and charges and encourages better standards of service. RSAs are a simple low cost, low risk product especially suited to those with small amounts of superannuation. They will also be suited to those people wanting to amalgamate several small superannuation holdings and those nearing retirement who wish to minimise the risk on their superannuation savings. They are expected to offer low rates of return.

Superannuation fund rates

Complying superannuation fund

The rates of tax payable by a trustee on the taxable income of a complying superannuation fund, regulated under the *Superannuation Industry (Superannuation) Act 1992*, are:

(a) on income, including realised capital gains and taxable contributions received — Rate: 15%

(b) on non-arm's length income and private company dividends — Rate: 47%

Non-complying superannuation fund

The rate of tax payable by a trustee of a non-complying superannuation fund in respect of the taxable income of the fund is 47%. The fund being assessed on income, including realised capital gains and tax deductible contributions received.

Complying approved deposit fund

The rates of tax payable by a trustee of an approved deposit fund, certified by the ISC as complying with approved deposit fund conditions, in respect of the taxable income of the fund are:

(a) on income, including realised capital gains and taxable contributions — Rate: 15%

(b) on non-arm's length income and private company dividends — Rate: 47%

Non-complying approved deposit fund

The rate of tax payable by a trustee of a non-complying approved deposit fund in respect of the taxable income of the fund is 47%. The fund being assessed on income, including realised capital gains and certain roll-over deposits.

Pooled superannuation trust

The rates of tax payable by a trustee of a pooled superannuation trust, certified by the ISC as complying with conditions for pooled superannuation trusts, in respect of the taxable income of the trust are:

(a) on income, including realised capital gains and any liability attached to tax contributions transferred from investment funds — Rate: 15%

(b) on non-arm's length income and private company dividends — Rate: 47%

Return form compilation

Superannuation fund returns are lodged either electronically or in paper form. A copy of the form is in Appendix 1. Statistics for most of the items shown on the return form are included in the tables on the CD-ROM.

Detailed tables

The following detailed tables on funds can be found on the CD-ROM attached to this publication.

Table S1: Funds — status of fund by grade of net tax

Table S2: Funds — status of fund by industry

Table S3: Funds — all items by grade of total income

Table S4: Funds — all items by grade of taxable income

Table S5: Funds — selected items by business lines

Table S6: Funds — items for income years 1989–90 to 1995–96

Table S7: Funds — superannuation income tax paid by balance date

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Partnerships and trusts

For tax purposes, a partnership is an association of people carrying on business as partners or in receipt of income jointly.

Partners contribute their time, talents and capital towards the partnership and, in return, share in both the profits and responsibilities.

Partnerships are not treated as a separate legal entity for tax purposes. The partners have to declare, and are assessed on, their share of the net profit or loss. They then pay tax, taking that profit or loss into account, at their individual rates of tax.

Partnerships cannot pay 'salary and wages' to partners. All income partners receive from a partnership is treated as business income and may attract provisional tax.

Partnerships are generally required to have a separate partnership tax file number and to lodge a partnership income tax return at the end of the financial year.

Any distribution of profits or losses, other than in equal shares, should be documented in the partnership agreement. Net profits or losses from renting out co-owned property should generally be shared according to the respective legal interests of the owners in the property.

Most partnerships are clients of the small business income (SBI) business line. Partnerships with income over $10 million are clients of the large business and international (LB&I) business line. Where a partnership has no business income, they are clients of the individual non-business (INB) business line.

The statistics in this chapter are compiled from partnership and trust tax returns for the 1995–96 income year, that were processed before 18 September 1997.

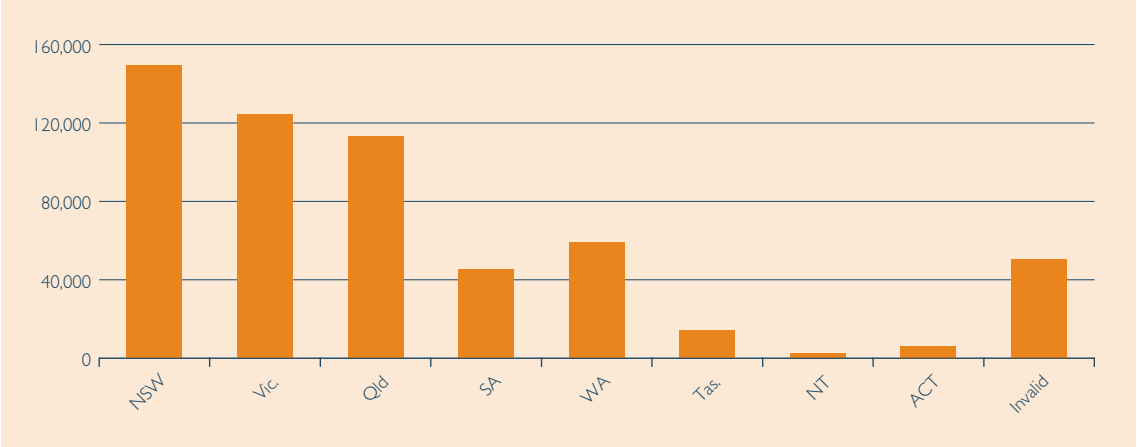
Client population

In 1995–96, there were 564,261 partnerships lodging returns in Australia. This was up from 558,033 in 1993–94, but down from 573,741 in 1994–95.

The largest proportion of partnerships (26%) were in NSW. This was followed by Victoria (22%) and Queensland (20%). The proportions of partnerships basically reflect the geographic distribution of the Australian population.

Figure 8.1: Number of partnerships

Figure 8.2: Partnerships by state/territory



Industry

In 1995–96, of those partnerships where industry was known, the largest proportion were in the primary production industry (27%). This was followed by the construction industry (16%) and the retail trade industry (14%). Industry was not stated for 5% of partnerships.

The type of industry varied according to the size of the partnership. For example, among partnerships that were clients of the INB business line, the majority (74%) were in the property industry. Among partnerships that were clients of the SBI business line, the largest proportion (30%) were in the primary production industry. And for partnerships that were clients of the LB&I business line, the largest proportion (41%) were in the finance, insurance, real estate and business services industry. This reflects the main industry for each business line generally.

The proportion of partnerships in each industry varies according to their location. For example, the largest proportion of partnerships in the property industry were in NSW, while the largest proportion of partnerships in the manufacturing industry were in Victoria.

Table 8.1: Partnerships by industry[1]

Industry	Partnerships	
	no.	%
Primary production	143 163	26.7
Construction	84 192	15.7
Retail trade	77 584	14.5
Finance, insurance, real estate & business services	54 618	10.2
Property	44 315	8.3
Manufacturing	30 412	5.7
Transport & storage	27 059	5.0
Personal & other services	18 863	3.5
Accommodation, cafes & restaurants	15 602	2.9
Wholesale trade	13 998	2.6
Health & community services	7 539	1.4
Subsidiary return[2]	5 049	0.9
Sport	4 470	0.8
Communication	4 159	0.8
Cultural & recreational services	4 145	0.8
Mining	1 164	0.2
Water, sewerage & drainage	284	0.1
Electricity	115	0.0
Gas	72	0.0
Total industry stated	**536 803**	**100.0**
Not stated	27 458	
Total	**564 261**	

1. In 1995–96, the industry groups are coded using the Australian and New Zealand Standard Industrial Classification (ANZSIC) system. In previous years the Australian Standard Industrial Classification (ASIC) system was used. Therefore, this data should not be used for time series analysis as the industry groups are not comparable.

2. Refers to income from partnerships and trusts other than primary production.

Table 8.2: Income and expense items

Selected items		LB&I	SBI	INB	Total
Partnerships	no.	341	497 458	66 462	564 261
Total assets	no.	302	366 686	n.a.	366 988
	$ m	9 125	72 973	n.a.	82 098
Total liabilities	no.	304	283 906	n.a.	284 210
	$ m	7 836	40 057	n.a.	47 893
Net rent	no.	49	59 378	49 166	108 593
	$ m	40	319	671	1 030
Gross interest	no.	163	183 298	26 299	209 760
	$ m	49	479	165	693
Gross dividends	no.	21	29 622	4 358	34 001
	$ m	20	77	30	128
Total expenses	no.	331	491 947	n.a.	492 278
	$ m	11 364	66 244	n.a.	77 609
Net business income	no.	267	347 959	n.a.	348 226
	$ m	2 630	10 288	n.a.	12 918
Total business income	no.	335	481 750	n.a.	482 085
	$ m	14 308	76 289	n.a.	90 597

Table 8.3: Partnership expenses

Type of expense	LB&I	SBI	Total
	$ m	$ m	**$ m**
Cost of sales	4 041	27 329	**31 370**
Total depreciation	547	3 033	**3 580**
Interest paid	521	2 700	**3 220**
External labour costs	600	2 499	**3 099**
Rent paid	306	2 098	**2 404**
Motor vehicle expenses	28	2 290	**2 318**
Repairs	54	1 827	**1 881**
Lease payments	70	618	**688**
Superannuation deductions	52	318	**369**
Bad debts	22	91	**113**
Royalties	39	46	**86**
Other expenses	5 085	23 396	**28 481**
Total	**11 364**	**66 245**	**77 609**

Partnership income and expenses

In 1995–96, partnerships had a total business income of around $90.6 billion. Most partnerships (88%) were clients of the SBI business line.

Among those partnerships with business income, only 0.1% were clients of the LB&I business line. Yet these partnerships accounted for 16% of total business income.

Total expenses of partnerships were $77.6 billion. The main expense for partnerships was cost of sales. In 1995–96, around 40% of all expenses were linked to cost of sales. This was followed by depreciation (5%) and interest paid (4%). By business line, the main types of expenses did not differ dramatically.

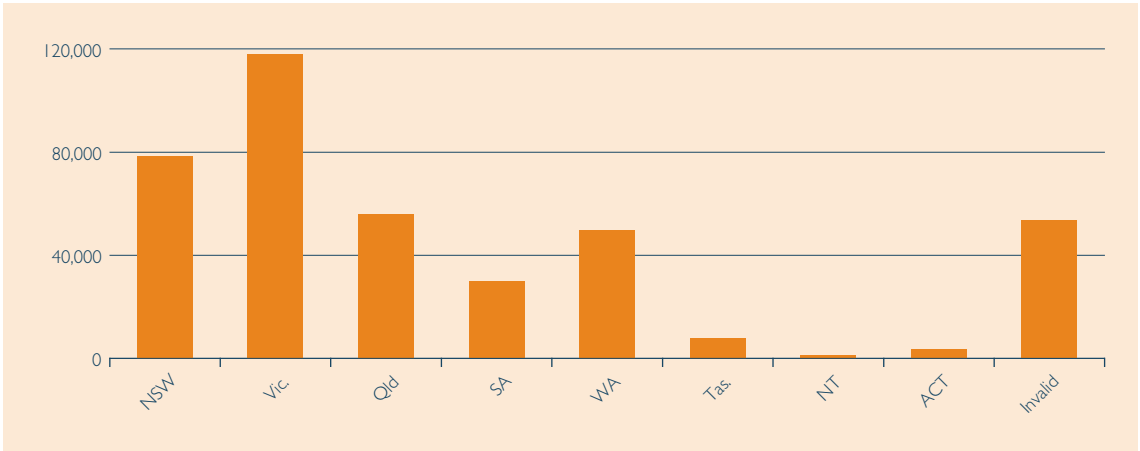
What are trusts?

A trust, in simple terms, exists where one person, the trustee, is under an obligation to hold property for another. This obligation may be imposed on the trustee either by the trustee, by another person, by court order or declaration, or by the operation of law. Although the trustee holds the legal title to the property, they must deal with it in accordance with the terms of the trust.

A trust estate for income tax purposes is property or an interest in property which is vested in and under the control of a person who is trustee and which produces income. An annual return must be lodged for trusts, regardless of the amount of income derived.

A trust is not a separate taxable entity. As much as possible, the beneficiaries who are entitled to receive and retain the trust income are taxed on it. The trustee is generally only taxed on the balance (if any) which no beneficiary is taxed on and on the income of a beneficiary who is either under a legal disability or resides overseas. *(CCH: 1997 Australian Master Tax Guide, CCH Australia Ltd.)*

Figure 8.3: Trusts by state

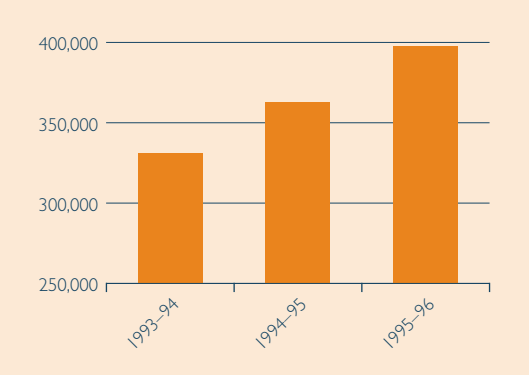


Client population

In 1995–96, there were 398,010 trusts lodging returns in Australia, up from 331,388 in 1993–94.

The number of trusts varies by geographic location. In 1995–96, the greatest proportion of trusts were in Victoria (30%). This was followed by NSW (20%). The smallest proportions were in the Australian Capital Territory (0.9%) and the Northern Territory (0.3%).

Figure 8.4: Number of trusts



Industry

In 1995–96, of those trusts where industry was known, the largest proportion were in the property industry (29%). This was followed by the finance, insurance, real estate and business services industry (25%). Industry was not stated for 8% of trusts.

As with partnerships, the proportion of trusts in each industry varies according to their size. Among trusts that were clients of the INB business line, the majority were in the property industry (85%), compared to only 29% for all trusts. Among trusts that were clients of the SBI business line, the greatest proportion (31%) were in the finance, insurance, real estate and business services industry. And among trusts that were clients of the LB&I business line, the greatest proportion (26%) were in the retail trade industry.

The proportion of trusts in each industry varies according to their location. For example, the largest proportion of trusts in the property industry were in NSW, while the largest proportion of trusts in the construction and retail trade industries were in Victoria.

Trust income and expenses

In 1995–96, trusts had a total business income of around $117.8 billion. The majority of trusts (62%) were clients of the SBI business line.

Of those trusts reporting business income, only 0.8% were clients of the LB&I business line. However, these trusts accounted for 31% of total business income.

In 1995–96, the total expenses of trusts was $110.6 billion. The main expense for trusts was cost of sales. Around 55% of all expenses were linked to cost of sales. This was followed by labour external costs (4%) and interest paid (3%). The main types of expenses did not vary according to business line.

Table 8.4: Trusts by industry[1]

Industry	Trusts	
	no.	%
Property	105 877	29.0
Finance, insurance, real estate & business services	91 485	25.1
Subsidiary return[2]	58 681	16.1
Retail trade	23 406	6.4
Primary production	20 546	5.6
Construction	17 155	4.7
Manufacturing	10 960	3.0
Wholesale trade	7 831	2.1
Health & community services	6 673	1.8
Accommodation, cafes & restaurants	6 333	1.7
Transport & storage	5 960	1.6
Personal & other services	5 802	1.6
Sport	1 398	0.4
Cultural & recreational services	1 263	0.3
Communication	708	0.2
Mining	561	0.2
Water, sewerage & drainage	87	0.0
Electricity	47	0.0
Gas	34	0.0
Total industry stated	**364 807**	**100.0**
Not stated	33 203	
Total	**398 010**	

1. In 1995–96, the industry groups are coded using the Australian and New Zealand Standard Industrial Classification (ANZSIC) system. In previous years the Australian Standard Industrial Classification (ASIC) system was used. Therefore, this data should not be used for time series analysis as the industry groups are not comparable.
2. Refers to income from partnerships and trusts other than primary production.

Table 8.5: Income and expense items

Selected items		LB&I	SBI	INB	Total
Trusts	no.	1 579	248 597	147 834	398 010
Total assets	no.	1 406	200 917	n.a.	202 323
	$ m	35 462	112 561	n.a.	148 023
Total liabilities	no.	1 401	193 642	n.a.	195 043
	$ m	17 700	87 057	n.a.	104 757
Net rent	no.	287	36 461	45 893	82 641
	$ m	295	548	1 030	1 873
Gross interest	no.	981	112 056	95 693	208 730
	$ m	1 647	1 171	1 082	3 899
Gross dividends	no.	200	34 886	24 630	59 716
	$ m	558	857	865	2 281
Total expenses	no.	1 416	175 407	n.a.	176 823
	$ m	35 092	75 526	n.a.	110 619
Net business income	no.	1 128	120 221	n.a.	121 349
	$ m	1 720	5 052	n.a.	6 772
Total business income	no.	1 416	167 612	n.a.	169 028
	$ m	36 995	80 784	n.a.	117 779

Table 8.6: Trust expenses

Type of expense	LB&I	SBI	Total
	$ m	$ m	$ m
Cost of sales	24 143	35 775	59 921
External labour costs	702	3 203	3 905
Interest paid	699	2 288	2 987
Rent paid	548	2 341	2 890
Total depreciation	368	1 900	2 268
Superannuation deductions	289	1 795	2 084
Motor vehicle expenses	147	1 178	1 325
Repairs	211	1 020	1 230
Lease payments	155	604	759
Bad debts	63	103	166
Royalties	48	93	140
Other expenses	7 720	25 223	32 943
Total	**35 092**	**75 527**	**110 619**

Detailed tables

The following detailed tables on partnerships and trusts can be found on the CD-ROM attached to this publication.

Table P1: Partnerships: all items by grade of net Australian income

Table P2: Partnerships: all items by broad industry

Table P3: Partnerships: selected items by business line

Table P4: Partnerships: selected items for income years 1986–87 to 1995–96

Table T1: Trusts: all items by grade of net Australian income

Table T2: Trusts: all items by broad industry

Table T3: Trusts: selected items by business line

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Fringe Benefits Tax

Fringe Benefits Tax (FBT) is paid on certain types of fringe benefits which are provided in place of, or in addition to, salary or wages. FBT is payable by employers, and is assessed on the value of the fringe benefits provided to employees or their associates.

FBT is payable on the following types of benefits:

- cars (including utilities, mini-buses, panel vans etc.) which are provided by employers to employees and which are available for private use by the employee;
- car parking for employees which is provided by or paid for by the employer or which the employee is reimbursed for by the employer except for car parking provided by small businesses on their business premises,
- loans to employees, at low interest rates or free of interest;
- waiver of a debt owed by an employee;
- expenses of employees, which an employer reimburses or pays;
- some residential accommodation provided for employees;
- some remote area housing and travel benefits;
- some living-away-from-home payments or benefits;
- board meals;
- discounted or free goods and other property provided to employees;
- discounted air travel for employees in the airline or travel industry;
- the provision or reimbursement of entertainment or related expenses by an employer to employees; and
- some other benefits such as the provision of services and rights to use property.

FBT is an annual tax calculated independently of income. Employers are required to declare the total taxable value of the fringe benefits, and FBT is payable on their grossed-up value to ensure that the benefits are taxed on the same basis as salary and wages. Under the gross-up rules, introduced on 1 April 1994, the taxable value is increased by:

1 / (1 – FBT rate)

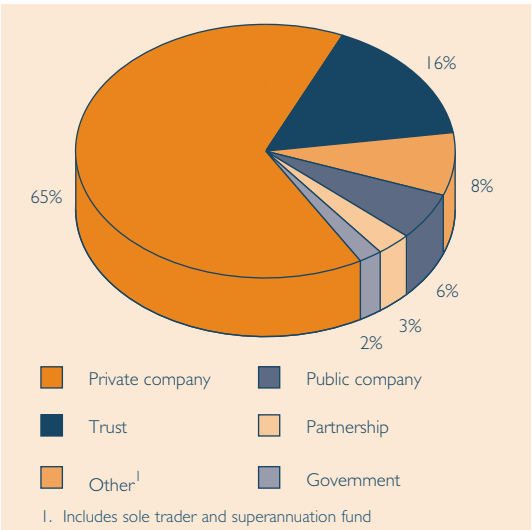
The FBT rate applicable for the year 1 April 1996 to 31 March 1997, was 48.5%. Therefore grossing-up effectively increased by 94.2% the amount against which the FBT rate was applied.

Each FBT year runs from 1 April to 31 March. This chapter contains data relating to the 1996–97 income year.

Client population

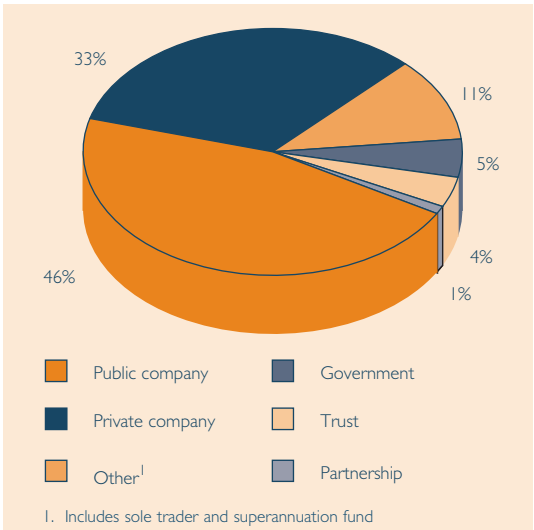
In 1996–97, almost two-thirds (65%) of FBT taxpayers were private companies. However, these companies were only liable for one-third of

Figure 9.1: Taxpayers by organisation



1. Includes sole trader and superannuation fund

Figure 9.2: Tax payable by organisation



1. Includes sole trader and superannuation fund

FBT. In contrast public companies accounted for 6% of FBT taxpayers and contributed almost half (46%) of all FBT.

These differences are linked to the type and value of benefits provided by each type of taxpayer. For example, most private companies are small businesses. Therefore, while a high proportion of these companies provide benefits, the value of these benefits may be low when compared to other taxpayers, such as public companies.

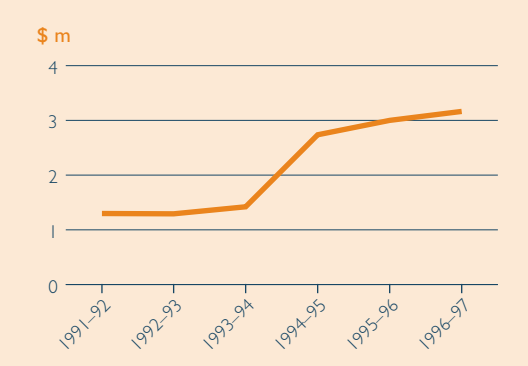
The amount of FBT paid varies by industry. The finance, insurance, real estate and business services industry group paid the largest proportion of FBT (25%). This was followed by the manufacturing industry (19%) and the transport, storage and communications industry (15%).

Revenue raised

In 1996–97 the amount of FBT revenue raised was $3.2 billion, up from $1.3 billion in 1991–92. FBT collections have grown at somewhat varied rates, with annual growth ranging from 0 to 93%. At the same time, the number of FBT payers have declined at a fairly constant rate of around 5%.

The gain in revenue over this period is partly due to a general trend towards remuneration packaging for many groups of employees. This is where some income is converted to other benefits, such as an employer provided car, which are usually subject to FBT. However, the sharp rise from 1993–94 to 1994–95 is mainly due to the introduction of the grossing-up provisions on 1 April 1994.

Figure 9.3: Fringe Benefits Tax payable



Benefits

Motor vehicles are the main type of benefit provided to employees. In 1995–96, almost half (47%) of all FBT paid was for motor vehicle benefits.

Table 9.1: Taxable value of benefits

Type of benefit	Total tax payable	
	$ m	%
Motor vehicle — total	1 477	46.7
Expense payment	703	22.3
Loan	202	6.4
Meal/entertainment (tax-exempt bodies)	187	5.9
Housing	129	4.1
Car parking	97	3.1
Property	89	2.8
Living-away-from-home allowance	43	1.4
Airline transport	34	1.1
Entertainment	23	0.7
Debt waiver	20	0.6
Board	12	0.4
Other	144	4.6
Total	**3 160**	**100.0**

The type of benefit varies across industry, as employers traditionally provide benefits that are related to their area of business. For example, people working in the finance, insurance, real estate and business services industry are much more likely than employees of other industries to receive low cost loans.

Industry

In 1996–97, the highest proportion of FBT was paid by the finance, insurance, real estate and business services industry. This industry, which employed around 13% of the labour force, was liable for $779 million in FBT, accounting for almost 25% of all FBT payable. The next highest FBT payer was the manufacturing industry (19%) followed by the wholesale and retail trade industry (15%). While these three industries accounted for 60% of all FBT payable, they only employed 45% of the labour force *(ABS: The Labour Force, Australia, Cat No 6203.0)*.

This difference is partly explained by the types of benefits that are more commonly provided by each of these industries. Motor vehicles are, on average, the highest valued benefit for employers to provide per employee. The manufacturing and wholesale and retail trade industries provide a

Table 9.2 FBT payable by industry[1]

Industry	LB&I	SBI	Total
	$ m	$ m	$ m
Finance, insurance, real estate & business services	610	170	779
Manufacturing	486	109	595
Transport, storage & communications	318	147	465
Wholesale & retail trade	204	57	261
Mining	160	28	187
Government department	16	162	178
Electricity, gas & water	84	56	140
Health, education, welfare & community services	11	128	140
Entertainment, recreation, hotels, personal services & restaurants	55	85	139
Building & construction	14	31	45
Primary production	21	21	42
Other	66	121	188
Total	**2 045**	**1 115**	**3 160**

1. In 1996–97, the industry groups are coded using the Australian and New Zealand Standard Industrial Classification (ANZSIC) system. In previous years the taxpayer selected one industry from the twelve listed in this table.

substantially higher proportion of motor vehicle benefits than the average for all industries. The next most highly valued benefit provided to employees is low interest loans. The finance, insurance, real estate and business services industry provided low interest loans at over three times the average for all industries.

The majority of FBT (65%) is paid by large businesses although they represent only 14% of FBT payers. This is not surprising given that large businesses have significantly more employees than small businesses. Additionally, benefits provided per employee by large businesses have, on average, a higher value than those provided by small businesses.

Detailed tables

The following detailed tables on FBT can be found on the CD-ROM attached to this publication:

Table FBT1 : Business line by organisation by grade of tax

Table FBT2 : Benefit details by business line by industry

Table FBT3 : Benefit details by business line by organisation

Table FBT4 : Industry by organisation

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Sales Tax

Sales tax was introduced in 1930. It has developed from a single-rate tax with a limited number of exemptions, to a multi-rate tax with a range of exemptions.

Sales tax is paid on goods imported into Australia and on goods which are manufactured and used or consumed in Australia.

Sales tax is generally paid when goods are sold by a manufacturer or wholesaler to a retailer. It may also be payable where goods are leased, imported by retailers for sale, imported by a consumer for private use, given away for promotional purposes, used as samples or used in the repair of other goods. Retailers are also required to pay Sales tax when goods are sold under indirect marketing arrangements.

Manufacturers and wholesalers who are required to pay Sales tax usually add the tax to the price they charge their customers. Retailers normally buy goods at a price that includes Sales tax and, in most cases, have no further liability when they sell the goods.

Some goods are exempt from Sales tax. These include most foodstuffs, medicines and surgical goods, some building materials, clothing, books, magazines, periodicals and newspapers. There are also certain categories of end users, such as schools, that are able to claim a full exemption from all Sales tax.

The general rate of Sales tax is 22%, and most items are taxed at this rate. However, there are exceptions. For example, items such as household furniture and bed linen are taxed at 12%, items such as jewellery, televisions, videos, watches, clocks and cameras are taxed at 32%, and a component of the value of luxury motor vehicles is taxed at 45%.

In 1996–97, beer and spirits were taxed at 22% and wine was taxed at 26%. However, in August 1997 these rates were raised to 37% and 41% respectively. This occurred in response to a High Court decision that business franchise fees levied by the States were invalid. Revenue raised from this 15% surcharge is now distributed directly to the States.

This chapter contains Sales tax data for the 1996–97 financial year.

Sales tax collected

In 1996–97, $13.3 billion was collected from Sales tax. $12.7 billion was collected by the Tax Office and $0.6 billion through the Australian Customs Service.

While total Sales tax collected has increased for the last five years, the growth rate has declined each year. Between 1992–93 and 1993–94 the amount of Sales tax collected increased by 13%. Between 1995–96 and 1996–97 the increase was only 3%. In general, growth in Sales tax remittances is due to an increase in real consumption, increased prices and increased Sales tax rates. However, the Sales tax rates have not changed since July 1995 and growth attributable to inflation has been slowing since June 1995.

The largest State collection of Sales tax was in NSW ($5.5 billion) followed by Victoria ($4.3 billion). NSW and Victoria together collected 74% of total Sales tax. These high Sales tax collections are not only due to the high proportions of the Australian population in those States but also due to the concentration of manufacturers and wholesalers operating there. Victoria's share of total Sales tax increased from 29% in 1992–93 to 33% in 1996–97. Its total collections grew by 62% over that period. At the same time NSW and Customs collections increased by 39% and total collections increased by 44%. There was an 18% decrease in ACT collections resulting from new Tax Office administrative arrangements where most ACT Sales tax is included in NSW figures.

The majority of Sales tax is paid by a small proportion of taxpayers. In 1996–97, 86% of Sales tax was paid by 4% of taxpayers. This is a reflection of Australia's Sales tax system where

Figure 10.1: Total Sales tax collected

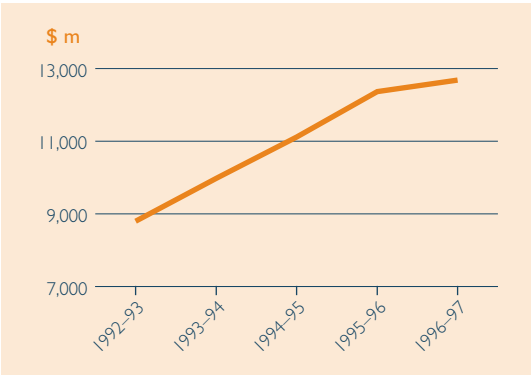


Table 10.1: Net Sales tax by state[1]

State	1992–93		1996–97		Growth
	$ m	%	$ m	%	%
NSW	3 954	42.7	5 485	41.2	39
Vic.	2 687	29.0	4 343	32.6	62
Qld	972	10.5	1 298	9.8	34
SA[2]	546	5.9	712	5.4	30
WA	518	5.6	713	5.4	38
Tas.	78	0.8	95	0.7	22
ACT	51	0.6	42	0.3	-18
Customs[3]	447	4.8	620	4.7	39
Total	**9 252**	**100.0**	**13 308**	**100.0**	**44**

1. The state in which the Sales tax was reported may be different to where the sale actually occurred.
2. NT figures are included with SA.
3. Refers to the Sales tax collected by the Australian Customs Service on imported goods.

manufacturers and wholesalers pay Sales tax before selling items to retailers.

Sales tax trade groups

The trade group paying the most Sales tax is the motor cars, commercial vehicles (including motor bodies) and semi trailers group. In 1996–97 this group paid $2.8 billion in Sales tax, accounting for 22% of all Sales tax collected. This was an increase from $1.5 billion or 17% of total Sales tax in 1992–93. The next largest group was beer, wine and spirits which paid $1.4 billion in 1996–97 compared to $0.9 billion in 1992–93. This group has maintained a stable 11% share of total Sales tax. Household appliances, parts and accessories, which held the third position in 1992–93 with a total of $0.7 billion, has slipped in the last two years to fifth, paying $0.9 billion.

Generally, as Sales tax rates increase, the amount paid will increase, although there will be some substitution effect which will work to offset this. That is, if the Sales tax rate on one item increases, some consumers will delay purchase or will buy a substitute item. Therefore, the Sales tax collected will not increase to the full extent of the rate increase. In addition, the rates of increase have not been consistent across the Schedules. For the Motor vehicle group, the basic rate has increased from 15% in 1993 to 22% in 1995. The General rate (Schedule 4) has increased from 20% in 1993 to 22% in 1995. Such differential tax changes alter the contributions to total Sales tax of the various groups of taxed items.

Consumer demand

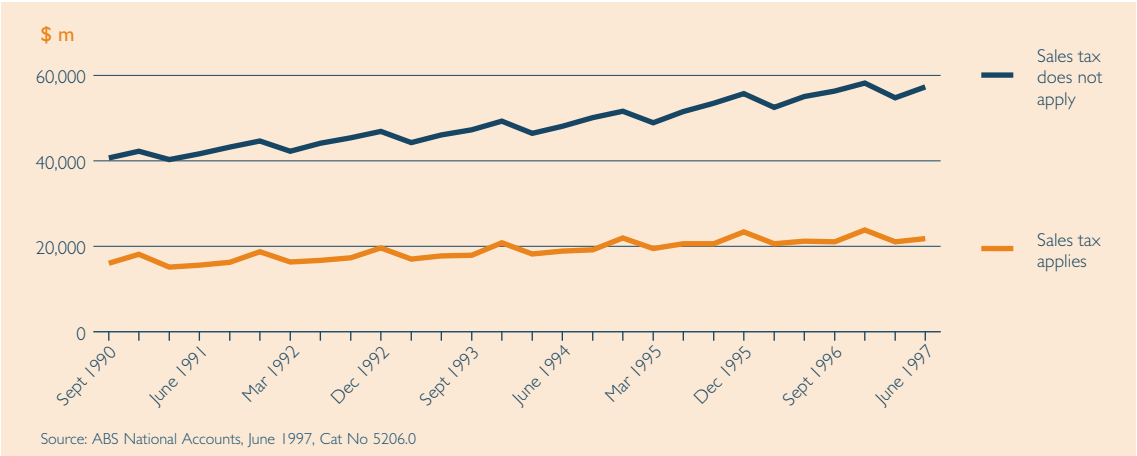
Collections of Sales tax are also dependent on consumer demand for the goods within the taxation base. Over time consumer demand varies, and some goods become more important to consumers than others. As Sales tax is not applied at a standard rate across all items, the changes in consumption patterns affect taxation collections. In recent years, there has been a general increase in the consumption of services which are not subject to Sales tax, compared to the consumption of goods which generally are subject to Sales tax.

Table 10.2: Sales tax paid by selected trade groups[1]

Trade group	1992–93		1996–97	
	Tax paid	Of all sales tax	Tax paid	Of all sales tax
	$ m	%	$ m	%
Motor cars, commercial vehicles etc.	1 464	16.6	2 778	21.9
Beer, wine & spirits	945	10.7	1 407	11.1
Machines & machinery	703	8.0	968	7.6
Domestic & office furniture, equipment & machines	531	6.0	858	6.8
Household appliances, parts & accessories	716	8.1	855	6.7
Printing, printed stationery, bookbinding & signwriting	378	4.3	495	3.9
Motor vehicle parts & accessories	524	6.0	459	3.6
Tyres, tubes, retread & recapped rubber, wet cell batteries, oils & greases	292	3.3	356	2.8
Aerated waters & cordials	284	3.2	330	2.6
Soaps, detergents, disinfectants, toilet & beauty preparations	295	3.4	332	2.6
Other	2 673	30.3	3 850	30.3
Total	**8 805**	**100.0**	**12 688**	**100.0**

1. Data excludes customs.

Figure 10.2: Private final consumption



Source: ABS National Accounts, June 1997, Cat No 5206.0

The data in Figure 10.2 are based on broad categories of consumption. It is possible that some of these categories include both taxable and non-taxable items. For example, one category of consumption is health. This has been put into the 'Sales tax does not apply' category although it may include some taxable health related goods. Despite this, the graph provides an overall picture of the consumption of taxable and non-taxable items in Australia.

As an aside, it is also interesting to note that there is a peak once each year in the consumption of both taxable and non-taxable items. This occurs in December, and reflects Christmas buying and consumption patterns.

Sales tax rates effective August 1997

Schedule	Rate
Schedule 1 Goods that are exempt from tax includes: agricultural, mining, irrigation, fishing equipment, food, building materials, goods for use by governments etc	exempt
Schedule 2 Goods ordinarily used for household purposes	12%
Schedule 3 Passenger motor vehicles	under Schedule 4
Schedule 4 General, includes beer, spirits	22%
Schedule 5 Includes fur skins, jewellery, watches	32%
Schedule 6 Luxury motor cars (charged on excess)	45%
Schedule 7 Alcoholic wine/cider	26%
Schedule 8 Low alcohol wine/cider	under Schedule 2

Detailed tables

The following detailed tables on Sales tax can be found on the CD-ROM attached to this publication.

Table Sales1: Sales tax: paid in returns by business type — 1992–93 to 1996–97

Table Sales2: Sales tax: net collections by state

Table Sales3: Sales tax: collections by grade of remittance

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Capital Gains

Capital gains or capital losses can be made on the disposal of most assets acquired after 19 September 1985. Tax may be payable on capital gains.

Assets that can attract a tax liability on disposal include real estate (including land), some motor vehicles, the goodwill of a business, leases, shares in companies, options to acquire shares, units in unit trusts, and some plant and equipment. Most capital gains on motor vehicles and people's homes are not subject to tax.

Broadly, a capital gain is the excess of the disposal proceeds for the asset less its cost. The cost includes the purchase price, incidental costs of buying and selling the asset, the capital costs of improvements, and some current expenses which are not deductible against ordinary income. Capital gains are adjusted for the effect of inflation where assets are held for at least 12 months prior to disposal. A capital loss arises when the disposal proceeds are less than the cost of the asset.

For each year, capital gains and losses on asset disposals are netted. A net capital gain forms part of taxable income. The amount of tax payable on the net capital gain is then calculated based on the appropriate tax rates for that type of taxpayer and the other taxable income of the taxpayer.

A net capital loss cannot be offset against ordinary income, but may be carried forward to be offset against capital gains in future years.

Tax payable on net capital gains

In 1995–96, $1.6 billion in tax on net capital gains was paid by individuals, companies and superannuation funds. This tax was paid on net capital gains totalling $6.3 billion.

The amount of tax paid on net capital gains has increased by almost 400%, from $339 million in 1990–91.

The largest annual increase in the amount of tax paid on net capital gains occurred between 1992–93 and 1993–94, with a 206% increase over the year. However, this was followed by a 45% decrease the following year. Between 1994–95 and 1995–96, the amount of tax paid on net capital gains increased by 63%.

As can be seen in figure 11.2, there is some correlation between net capital gains and stockmarket activity. In the 1995–96 income year the increased stockmarket activity impacted positively on net capital gains revenue.

Figure 11.1: Capital gains tax payable

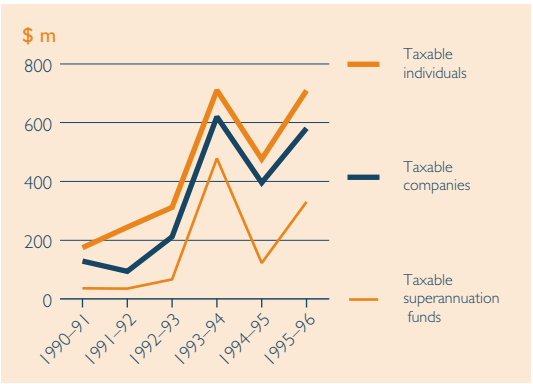
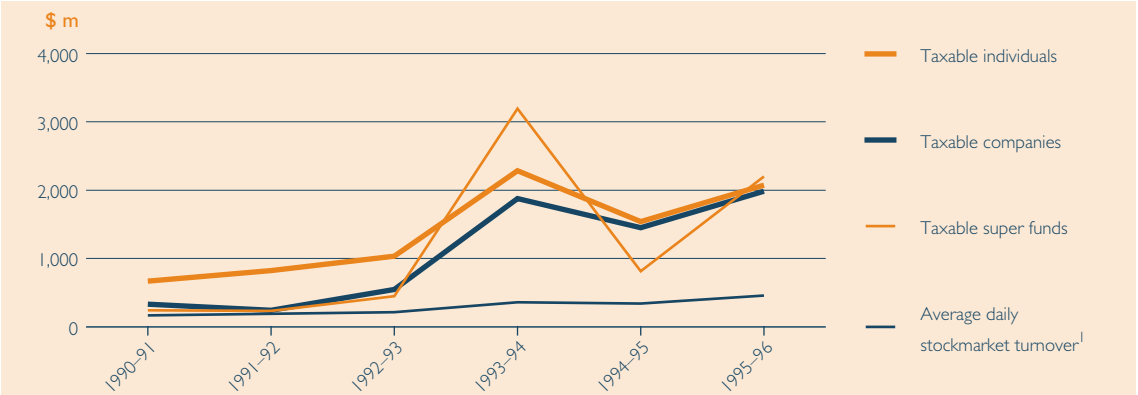


Figure 11.2: Net capital gains and stock market turnover



1. Reserve Bank of Australia Bulletin Table F5. Stockmarket activity has been moved forward one year to correspond with the income year in which the capital gain was reported.

Table 11.1: Tax payable on capital gains, 1995–96

	Individuals	Companies	Superannuation funds	Total
Number	369 189	7 945	20 292	**397 426**
Amount of gains ($ m)	2 111	1 994	2 197	**6 302**
Tax on gains ($ m)[1]	709	581	330	**1 620**
Average tax on gain ($)	1 920	73 128	16 263	

1. Tax payable on capital gains is estimated based on entity type and tax rates.

Of all tax payable on capital gains in respect of 1995–96, the largest proportion (44%) was paid by individuals. A further 36% was paid by companies, and the remaining 20% was paid by superannuation funds.

In total, individuals, companies and superannuation funds made capital gains of similar amounts, of around $2 billion. However, superannuation funds paid significantly less tax on their capital gains than most individuals and companies. This was due to the lower taxation rates applicable to superannuation funds.

Net capital gains are included in taxable incomes for all taxpayers. The gross tax is then calculated by applying the relevant rates for that entity. For individuals, averaging of tax rates applies to allow for the fact that a capital gain may relate to a number of years. Funds and companies pay at a flat rate regardless of their taxable income. However, their net tax is also dependent on rebates and credits they may be entitled to.

As expected, the proportion of taxpayers paying tax on capital gains increases as taxable income increases. In 1995–96, only 4% of individuals in the $20,700–37,999 income range had a tax liability on capital gains. This compares to 16% of people in the $100,000–499,999 income range. Overall, 70% of all tax paid on capital gains by individuals was paid by those with a taxable income of more than $50,000.

The trend for both companies and superannuation funds is similar. In 1995–96, 81% of all tax paid on capital gains by companies was paid by those with a taxable income over $1 million. And for superannuation funds, 92% of tax on capital gains was paid by those with a taxable income over $1 million.

Types of capital gains

In 1995–96, the highest proportion of capital gains were received in respect of shares. At $1,730 million, shares accounted for 28% of total taxable capital gains.

This pattern remained consistent across all taxpayer groups. Among individual taxpayers, the most common types of capital gains in 1995–96 were in respect of shares and trust distributions. $730 million in capital gains was attributed to shares and $403 million to trust distributions, accounting for 55% of individual taxpayers' capital gains.

Table 11.2: Taxpayers with capital gains by grade of taxable income

Taxable income	Individuals with capital gains	All taxpayers	Companies with capital gains	All taxpayers	Funds with capital gains	All taxpayers
	no.	no.	no.	no.	no.	no.
Non taxable	64 614	1 685 899	5 098	306 911	3 842	17 796
Under $20 700	100 126	2 951 168	2 336	119 310	6 871	48 099
$20 700–37 999	123 917	3 270 393	1 026	27 945	3 695	18 142
$38 000–49 999	59 554	1 085 989	493	12 307	1 665	7 772
$50 000–99 999	67 159	748 043	1 298	25 541	4 324	19 681
$100 000–499 999	17 672	107 146	1 966	28 835	3 186	12 357
$500 000–999 999	554	2 210	374	4 229	168	740
$1 000 000–4 999 999	197	648	316	3 360	192	655
$5 000 000 and over	10	25	136	1 192	191	321
Total taxable	**369 189**	**8 165 622**	**7 945**	**222 719**	**20 292**	**107 767**

Table 11.3: Individuals subject to tax on capital gains

Type of capital gain	Individuals	Amount of gain	Proportion of gain
	no.	$m	%
Shares	133 428	731	34.6
Trust distributions	129 720	444	21.0
More than one category	34 551	312	14.8
Non listed personal use assets	25 115	124	5.9
Real estate	22 107	330	15.6
Equipment & plant including trucks	9 471	42	2.0
Goodwill on the sale of a business	6 812	72	3.4
Listed personal use assets	2 881	16	0.8
Other[1]	5 104	41	1.9
Total	**369 189**	**2 111**	**100.0**

1. Includes not stated.

Thirty five percent of capital gains were from trust distributions and gains attributable to more than one category.

Increased participation in the share market by individuals has resulted in net capital gains from the disposal of shares representing the highest proportion of capital gains in 1993–94 and 1995–96.

The number of individuals having capital gains has increased 82% during the past five years. In 1991–92, 202,252 individuals had $918 million in capital gains.

Among companies, 30% of all capital gains in 1995–96 was from shares. The source of 34% of capital gains made by companies was not stated.

Nineteen percent of all capital gains made by superannuation funds in 1995–96 was from shares. 2,716 superannuation funds made $1,182 million in capital gains from more than one category, accounting for 53% of all capital gains.

Table 11.4: Companies subject to tax on capital gains

Type of capital gain	Companies	Amount of gain	Proportion of gain
	no.	$ m	%
Shares	2 701	589	29.6
Trust distributions	1 099	66	3.3
More than one category	707	146	7.3
Real estate	604	73	3.6
Listed personal use assets	110	14	0.7
Other[1]	2724	1107	55.5
Total	**7 945**	**1 995**	**100.0**

1. Includes equipment and plant, goodwill and not stated.

Table 11.5: Superannuation funds subject to tax on capital gains

Type of capital gain	Superannuation funds	Amount of gain	Proportion of gain
	no.	$ m	%
Shares	10 663	410	18.7
Trust distributions	5 390	58	2.6
More than one category	2 716	1 182	53.8
Non-listed personal use assets	518	313	14.2
Real estate	298	14	0.6
Listed personal use assets	108	5	0.2
Other[1]	599	216	9.8
Total	**20 292**	**2 197**	**100.0**

1. Includes goodwill, and not stated. No Superannuation funds reported capital gain from plant and equipment

Detailed tables

The following detailed tables on capital gains can be found on the CD-ROM attached to this publication.

Table CG1: Capital gains subject to tax — income years 1990–91 to 1995–96

Table CG2: Capital gains subject to tax — individuals, companies and superannuation funds by grade of taxable income

Table CG3: Capital gains subject to tax — by business line and grade of taxable income

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PAYE and PPS

The pay-as-you-earn (PAYE) system was introduced in 1941. It is the main tax collection system affecting individuals. It is the method by which most salary and wage earners pay their tax, Medicare levy and HECS repayments by instalments deducted from their pay. Employers must make the tax instalment deductions and pay them directly to the Tax Office.

Employers are generally required to forward PAYE deductions to the Tax Office on the 7th day of the following month. If employers deduct less than $10,000 in tax each year, they may remit it quarterly (October, January, April, and July). Employers deducting more than $1 million per year are required to pay fortnightly.

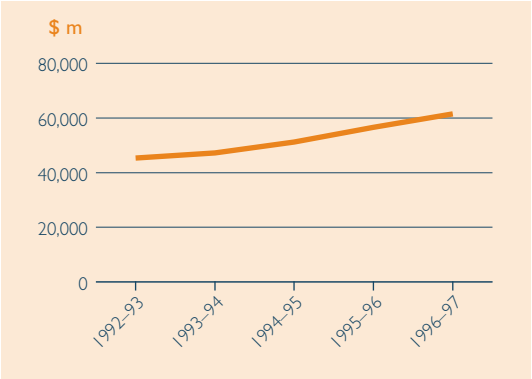
Employers must provide each employee with a group certificate at the end of the income year. The certificate shows the gross amount of earnings and tax instalment deductions made during the year. Wherever an employee has quoted a tax file number, the employer must show the number on the group certificate.

This chapter presents data on PAYE collections for the 1996–97 income year.

Revenue raised

In 1996–97, the Tax Office received $61.5 billion through PAYE collections. The amount of revenue received through PAYE has increased, from $45.3 billion in 1992–93. This is due to increases in the size of the Australian population, the numbers of people employed and the tax rates.

Figure 12.1: PAYE collections



During the past five years there has been an increase in average weekly earnings of Australians without any significant changes in taxation rates. Therfore, PAYE revenue has increased as people earn more and move into higher tax brackets.

Payers

In 1996–97, there were 710,217 employers who forwarded PAYE tax instalment deductions to the Tax Office. This was a slight decrease from 721,812 in 1992–93.

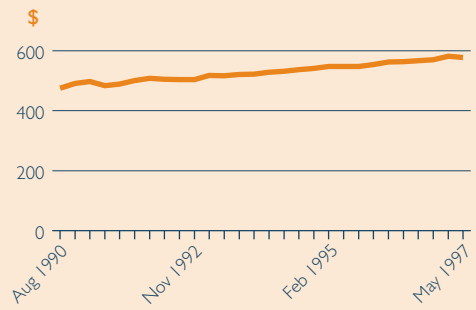
In 1996–97, 7% of payers returned 84% of total PAYE remittances. These large payers generally consisted of companies with very large numbers of employees. However, this inbalance is also affected by the levels of wages and salaries being paid by remitters.

Between 1992–93 and 1996–97, the amount of PAYE revenue collected increased by 36%. The

Table 12.1: PAYE remitters by state

State	Number of remitters	Proportion of total	Amount remitted	Average amount per remitter
	no	%	$m	$
NSW	243 116	34	23 398	96 242
Vic.	175 263	25	16 744	95 536
Qld	123 845	17	8 056	65 049
WA	68 367	10	5 074	74 217
SA	51 242	7	3 484	67 991
Tas.	15 154	2	995	65 659
ACT	9 335	1	2 968	317 943
NT	5 618	1	488	86 863
Not stated	18 277	2	306	16 742
Total	**710 217**	**100**	**61 513**	**86 611**

Figure 12.2 : Average weekly earnings



Source: ABS: The Labour Force, Australia Cat No 6203.0

greatest amount collected in 1996–97 was in New South Wales (38% of all PAYE revenue collected) followed by Victoria (25%).

Industry

The amount of PAYE revenue raised varies considerably by industry. This is linked to the number of employees in each industry and their average level of income. For example, industries containing a large number of professional people provide more PAYE revenue because of their higher average salaries. It is also due to the various employment arrangements used in certain industries. For example, the building and construction industry has a higher proportion of contractors than other industries. Therefore, they will have a greater proportion of workers covered under the prescribed payments system (PPS) rather than the PAYE system (see page 84).

Table 12.2: PAYE revenue raised, by industry[1]

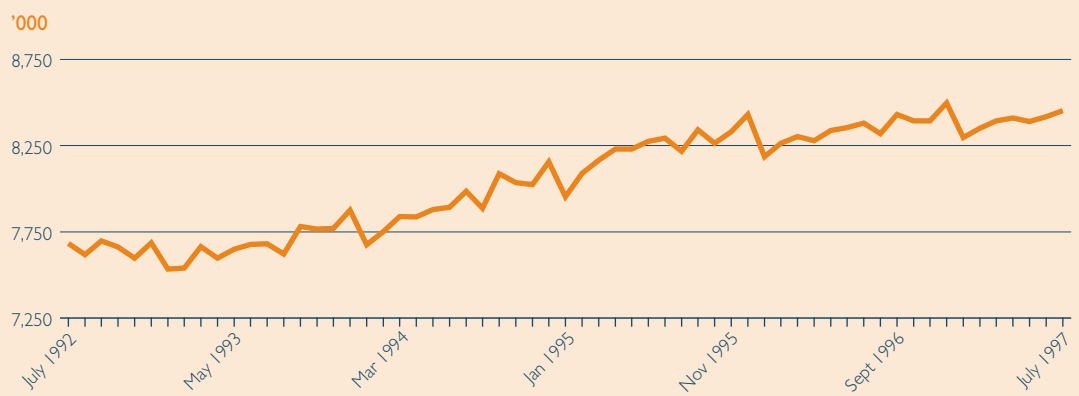
Industry	1996–97	% of total
	$ m	%
Health & community services	11 514	18.7
Property	8 850	14.4
Manufacturing	8 323	13.5
Finance, insurance, real estate & business services	4 867	7.9
Retail trade	4 594	7.5
Education	3 414	5.6
Transport & storage	2 783	4.5
Construction	2 533	4.1
Wholesale trade	2 210	3.6
Mining	2 167	3.5
Hospitality	1 311	2.1
Cultural & recreatonal services	1 107	1.8
Primary production	1 016	1.7
Personal & other services	718	1.2
Communication	507	0.8
Other[2]	6 106	9.9
Total	**61 513**	**100.0**

1. In 1995–96, the industry groups are coded using the Australian and New Zealand Standard Industrial Classification (ANZSIC) system. In previous years the Australian Standard Industrial Classification (ASIC) system was used. Therefore, this data should not be used for time series analysis as the industry groups are not comparable.
2. Includes 'Government and administration', 'Communication', 'Utilities', 'Miscellaneous' and 'Invalids'.

In 1996–97, the industry that contributed the highest proportion of PAYE revenue was health and community services (19%) followed by the property and manufacturing industries (14% each). The amount of PAYE revenue raised is dependent on wage and salary levels, the number of eligible employees and the tax rates.

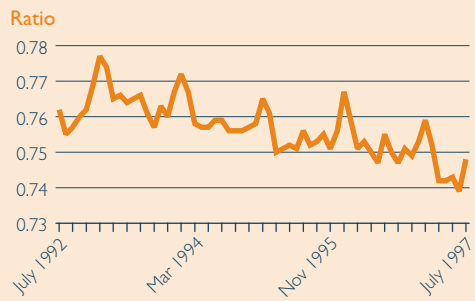
Changes in the labour market over a number of years have resulted in an increase in the number

Figure 12.3 : Number of employed people



Source: ABS: The Labour Force, Australia Cat No 6203.0

Figure 12.4 : Ratio of full-time to total employment



Source: ABS: The Labour Force, Australia Cat No 6203.0

of workers categorised as contractors or sub-contractors. The implications for the PAYE system are the subject of research by the Tax Office. These changes also have a consequential impact, depending upon the industry in which the contractors work, on the provisional tax and PPS collections systems.

The ratio of full-time to total employment also alters over time, and affects PAYE revenue. For example, an increase in part-time employment impacts on the growth in PAYE collections.

What is PPS?

The Prescribed Payments System (PPS) is a way of paying tax for people who work and earn money under a written, verbal or implied contract.

PPS enables people to pay tax throughout the year if they are working under contract in any of the following industries: building and construction, joinery and cabinet making, architectural services, cleaning industry, engineering services, motor vehicle repair industry, surveying services, and the road transport industry.

People undertaking business in any of these industries, and who are making or receiving contract payments with another person in the same industry, will have obligations under PPS.

People receiving contract payments under PPS must give each payer a completed Payee Declaration form. Generally, the payer must deduct tax at the rate of 20% from any payments made to a payee, and forward those deductions to the Tax Office each month. If payees do not complete a Payee Declaration form, tax is deducted at the highest marginal tax rate plus the Medicare Levy.

This chapter presents data on PPS collections for the 1996–97 income year.

PPS collections

In 1996–97, PPS collections were $2.2 billion, or just over 2% of total Tax Office collections. This was an increase from $1.3 billion in 1992–93.

Most payers of PPS tax remit small payments. More than three-quarters (77%) of payers remit less than $10,000 per year and pay only 13% of all PPS tax. Only 2% of payers remit more than $100,000 per year, but they pay 45% of all PPS tax.

In all states except South Australia and the Northern Territory, the amount of PPS tax paid was higher in June 1997 than in June 1996.

The amount of PPS tax paid varies considerably by month, reflecting the seasonal nature of contract work in the industries in which PPS applies. For example, for all states, there was a decrease in the amount of PPS tax paid during

Table 12.3: PPS Collections 1996–97

Amount paid	Payers	Proportion	Amount paid	Proportion
	no.	%	$ m	%
Less than $4,999	101 242	64.1	147	6.6
$5,000–9,999	20 849	13.2	150	6.7
$10,000–49,999	28 259	17.9	616	27.4
$50,000–99,999	4 515	2.9	316	14.1
$100,000–499,999	2 791	1.8	525	23.4
$500,00–999,999	224	0.1	154	6.9
Over $1,000,000	137	0.1	338	15.1
Total	**158 017**	**100.0**	**2 246**	**100.0**

Table 12.4: PPS by Industry, 1996–97

Amount paid	Payers	Proportion	Amount paid	Proportion
	no.	%	$ m	%
Construction	55 650	76.8	1 585	70.6
Transport & storage	4 363	6.0	285	12.7
Property & finance	4 485	6.2	191	8.5
Retail	5 233	7.2	67	3.0
Communication	616	0.9	49	2.2
Other	2 084	2.9	68	3.0
Total	**72 432**	**100.0**	**2 246**	**100.0**

December, January and February, with an increase in March. This reflects the fact that many industries covered by PPS, such as building and construction, close down over the Christmas/New Year period.

Industry

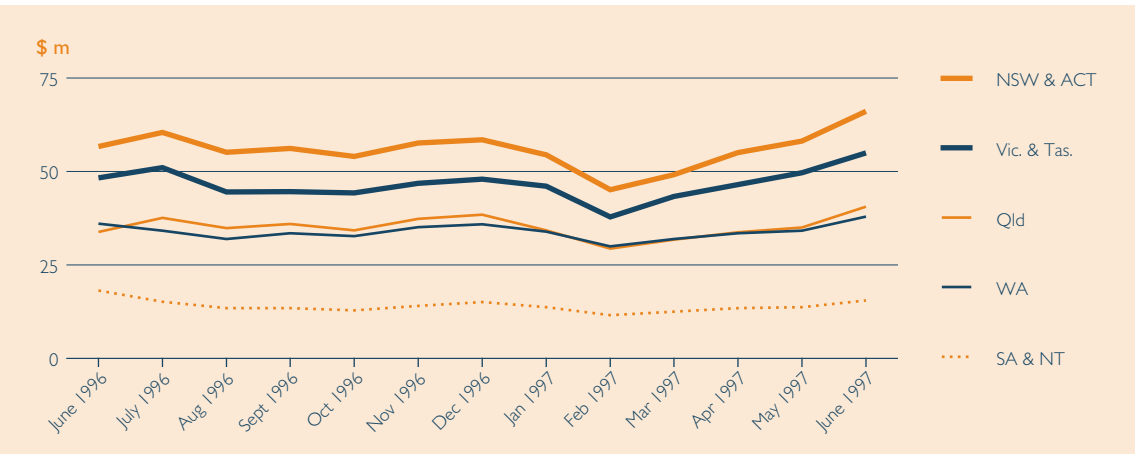
The main industry in which PPS activities take place is the construction industry. This is followed by retail, property and finance, transport and storage, and communications.

In 1996–97, the construction industry paid $1.6 billion in PPS tax. This accounted for 71% of total PPS collections. It also accounted for 77% of PPS payers.

This was followed by the transport and storage industry, which remitted 13% of total PPS collections, but had only 6% of PPS payers.

In 1996–97, the larger average PPS payments were made by the transport and storage industry ($6,639) and the communications industry ($5,414). The average amount paid by the construction industry was $2,357, while the average across all industries was $2,567.

Figure 12.5 : PPS tax paid by state



General PAYE tax rates applicable to resident individuals for the 1996–97 income year

Not less than	Not more than	Tax payable on total taxable income
$0	$5 400	Nil
$5 400	$20 700	Nil + 20c for each $1 over $5 400
$20 700	$38 000	$3 060 + 34c for each $1 over $20 700
$38 000	$50 000	$8 942 + 43c for each $1 over $38 000
$50 000		$14 102 + 47c for each $1 over $50 000

Resident individuals are also liable to pay a Medicare levy of 1.5% of taxable income. In 1996–97, resident taxpayers were also liable to pay an additional 0.2% gun levy.

Family tax assistance, which increases a person's tax-free threshold, applies to certain resident taxpayers with dependant children.

Detailed tables

The following detailed tables on PAYE and PPS can be found on the CD-ROM attached to this publication:

Table PAYE1: Collections by grade of annual remittance 1992–93 to 1996–97

Table PAYE2: Number of group remitters by state

Table PAYE3: Collections by grade of annual remittance 1996–97

Table PPS1: PPS Payers by grade of annual remittance 1996–97

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Child Support

The Child Support Scheme (CSS) was introduced in 1988. Prior to this, child support could only be obtained by the parents reaching an agreement, or by seeking an order from a court.

The aims of the CSS are to ensure that:

- parents share in the cost of supporting their children, according to their capacity;
- adequate support is available for all children not living with both parents;
- Commonwealth involvement and expenditure is limited to the minimum necessary to ensure children's needs are met;
- incentives for both parents to participate in the labour force are not impaired; and
- the overall arrangements are simple, flexible and efficient.

The Child Support Agency (CSA) was created within the Tax Office to administer the *Child Support (Registration and Collection) Act 1988* and *Child Support (Assessment) Act 1989*. The CSA is responsible for:

- registering cases on application from the parent entitled to receive child support;
- assessing child support payable in Stage 2 cases; and
- collecting payments.

Other government departments are also involved in the administration of the CSS. The Department of Social Security is responsible for child support policy. It is also responsible for: ensuring that applicants for certain social welfare benefits take reasonable action to obtain child support; adjusting social welfare payments to individuals who receive child support payments; and disbursing child support payments collected by the CSA.

The Attorney-General's Department is responsible for matters relating to family law. The department provides legal aid support to eligible parents and provides legal advice and representation for the CSA.

Australian families may make child support arrangements in one of three ways:

- private arrangement where they decide how much will be paid and how it will be administered;
- CSA assistance for determining the amount payable through either a formula assessment or registration of an agreement or a court order, but with parents collecting the child support themselves; or
- CSA determination of the amount payable and collection of child support.

Registration with the CSA is presently by application from the parent entitled to receive support. Where an assessment is raised, both parents are notified. Assessments are updated annually and may be varied or reviewed in particular circumstances.

Where collection is required, child support can either be deducted from a payer's salary or wages or payers can make payments directly to the agency.

A registered child support debt is a debt due to the Commonwealth. As a result, the registrar is responsible for recovering the debt and has a range of administrative enforcement powers including interception of income tax refunds.

The Government has recently announced a package of reforms to the Child Support Scheme that will change some of the arrangements described above. These reforms will be introduced progressively over the next two years.

Definitions

Stage 1: The first stage of the Child Support Scheme was introduced by the *Child Support (Registration and Collection) Act 1988*. This Act gave the Commissioner of Taxation the further responsibility, as Child Support Registrar, for collecting child support payments in respect of court orders and court-registered agreements. This collection is only undertaken on application from the parent entitled to receive child support, that is the parent who has primary care of the child/ren. Stage 1 applies to all cases where parental separation occurred prior to 1 October 1989, and no children were born on or after that date.

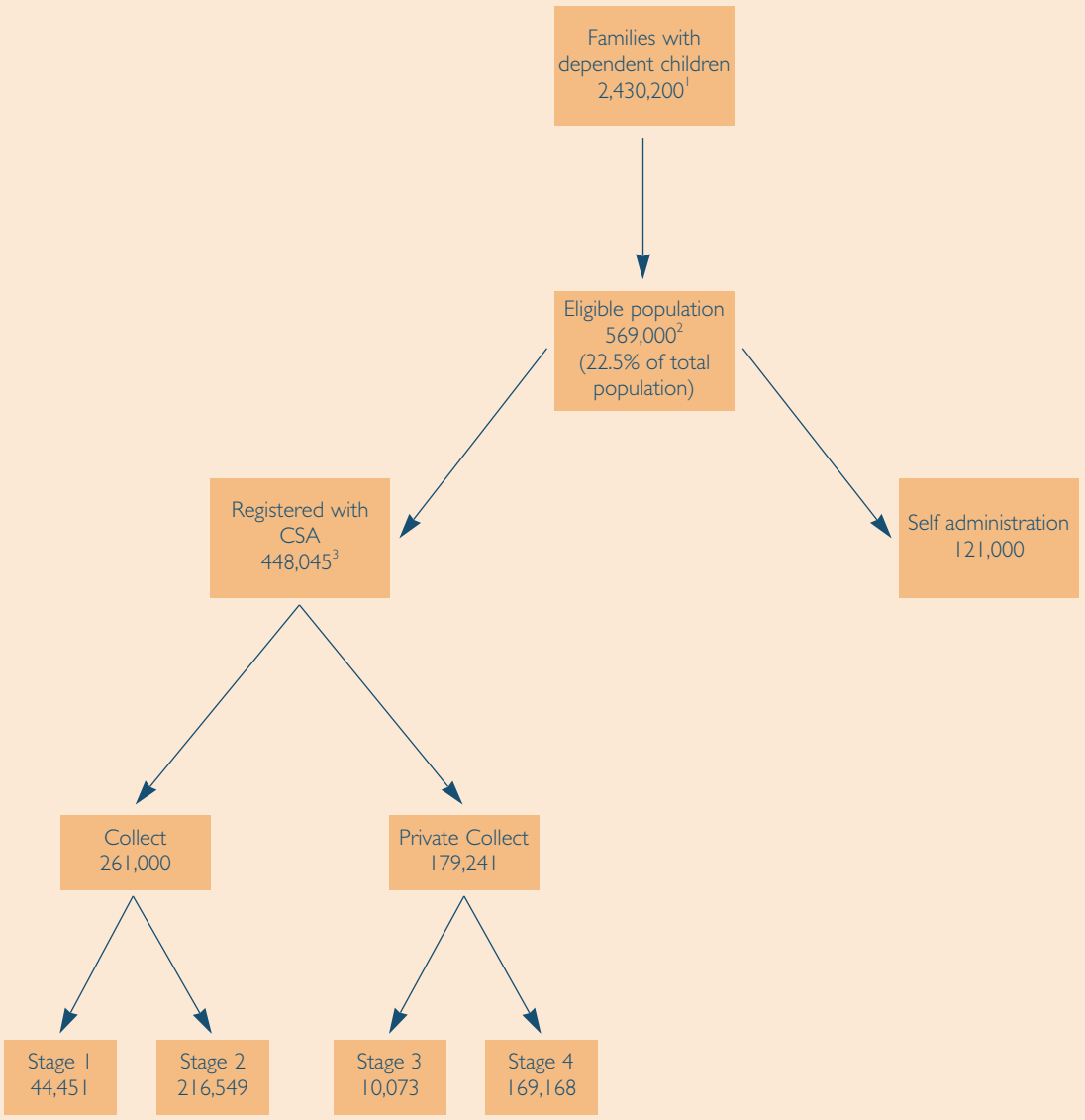
Stage 2: The second stage of the Child Support Scheme was introduced by the *Child Support (Assessment) Act 1989*. This Act established a further responsibility on the Registrar to administratively assess child support using a formula based upon the income of both parents. Stage 2 applies only to parents who separated on or after 1 October 1989, or who have a child born on or after that date.

Eligible population

In June 1996 there were approximately 4.8 million families in Australia. This includes natural parent families, step/blended families, one parent families and other family types.

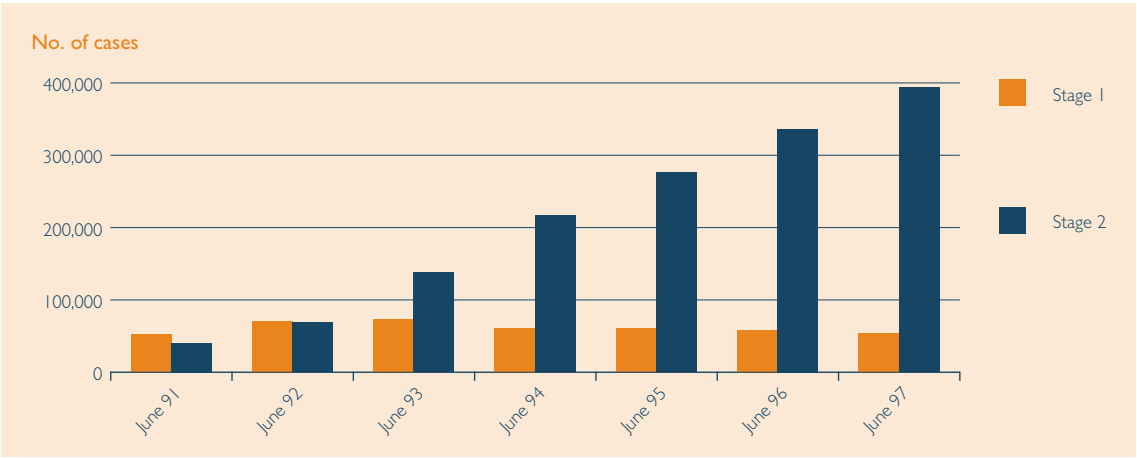
The CSA has an eligible client population comprising all sole parent families and step or blended families with dependent children where one or both natural or adoptive parents lives elsewhere. In June 1997, 448,045 of these families were registered with the CSA. In 40% of registered cases the parents collect the child support privately. The CSA estimates that approximately 121,000 families have arrangements entirely without agency intervention.

Figure 13.1: Eligible population



1. ABS: Labour Force Status and Other Characteristics of Families, June 1996, 6224.0 (includes families with dependant children <15)
2. 1997 CSA estimate
3. June 1997 active caseload figures. Of the total cases registered with CSA 7,804 were still being processed and have not been given CSA collect or private collect allocation

Figure 13.2: CSA active caseload



CSA caseload

Figure 13.2 shows the Stage 1 active caseload has been falling since 1993, while the Stage 2 active caseload has been increasing. This will continue as the children in Stage 1 age, and move out of the eligible population.

The growth of active cases has slowed over the past four years. Between June 1993 and June 1994, the active caseload grew by an average of 5,994 cases per month. Between June 1996 and June 1997, the active caseload grew by an average of 4,428 cases per month.

Caseload projections show that the rate of growth will start to plateau around 2001.

Assessment type

The amount of child support a parent is liable to pay may arise from a calculation using one of the formulas set down in the Child Support (Assessment) Act or from an agreement between the parents or a court order. While most cases are decided by the CSA using a set formula, there has been an increase in the proportion of cases with a private agreement.

Average weekly liability differs significantly between Stage 1 and Stage 2 clients. Stage 1 clients are liable for an average of $53.90 per week, compared to $95.41 for Stage 2 clients. This large difference is mainly due to Stage 1 cases being court order cases. While some of these cases have a built in indexation factor, they do not take into account changes in capacity to pay. It is therefore necessary to apply to the court to amend the order.

Among Stage 2 clients, CSA collect cases are liable for $84.21 per week, while private collect cases are liable for $20 more per week ($106.12).

Table 13.2: Average weekly liability

Type of case	Stage 1	Stage 2
	Weekly average per case	Weekly average per case
Total cases	$53.90	$95.41
CSA collect cases	$53.69	$84.21
Private collect cases	$53.34	$106.12

Table 13.1: Type of assessment

Type %	Jun 91	Jun 92	Jun 93	Jun 94	Jun 95	Jun 96	Jun 97
Formula	91.1	91.9	92.3	90.5	92.1	91.9	91.9
Agreement	0.9	2.8	2.9	4.2	4.4	4.2	4.4
Court order	0.3	0.8	0.4	0.4	0.3	0.2	0.2
Review[1]	..	..	0.8	2.3	1.4	1.4	1.5
In processing	7.7	4.4	3.0	2.7	1.8	2.3	1.9

1. Administrative departure from the assessment commenced in July 1992.

Figure 13.3: CSA caseload projection

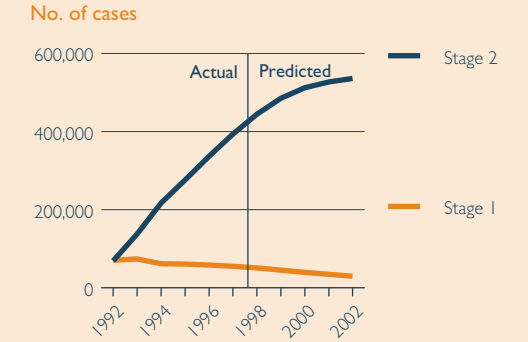
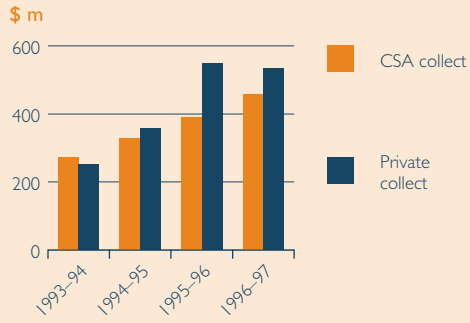


Figure 13.4: CSA transfers



Transfers of child support

The total amount of money transferred in 1996–97, $991.5 million, is an increase of 6% over 1995–96 collections. This is a slower rate of growth than in previous years. Collections by the CSA continue to show a gradual increase whilst private collections have fallen slightly to $533.5 million from $547.9 million in 1995–96.

Profile of CSA clients

In June 1997, most (92%) payees were female. Payees were slightly younger than payers, with median ages of 34 years and 36 years respectively.

Of those clients who lodged a tax return for the 1995–96 income year, the median taxable income of payees was $15,670. In comparison, the median income of payers was $25,735.

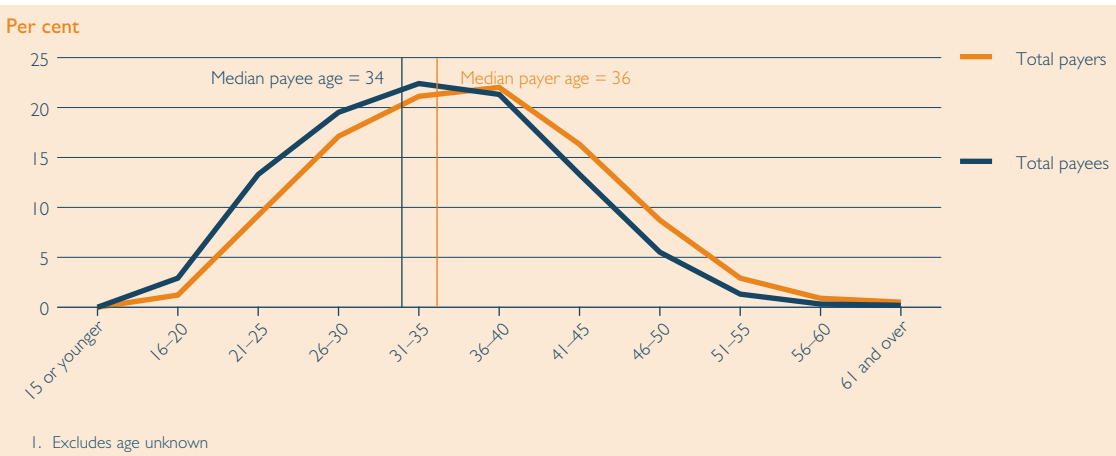
Figure 13.6 shows the income used in the assessment of child support liability.

Children

In June 1997, CSA active cases involved 698,788 children. 59% of these children rely on the CSA for the collection of child support.

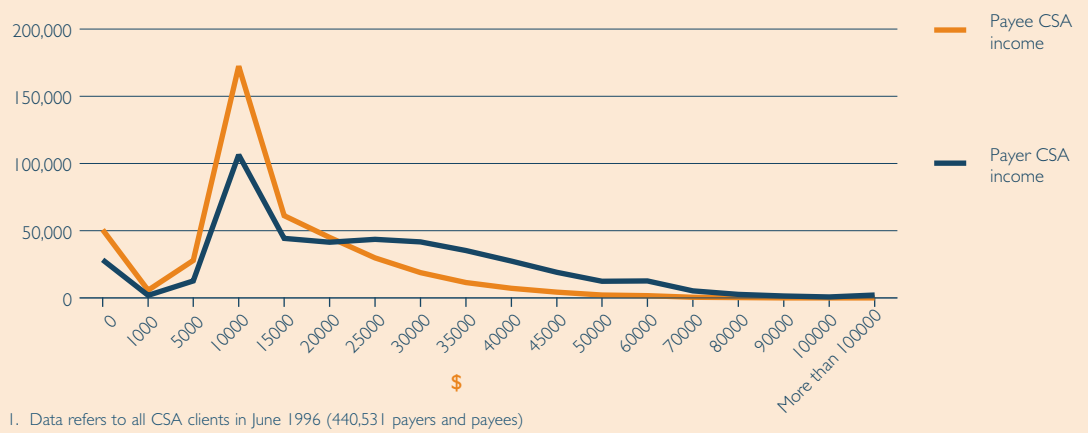
The majority (56%) of CSA active cases involve one child. A further 31% involved two children and 10% involved three or more children.

Figure 13.5: Age of CSA clients[1]



1. Excludes age unknown

Figure 13.6: CSA income[1]



1. Data refers to all CSA clients in June 1996 (440,531 payers and payees)

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Australian Taxation Office

Individual

1996 Income Tax Return

Tax Agents

1 July 1995 to 30 June 1996

Are you an Australian resident?

Have you included any 'other attachments'—other than group certificates, tax vouchers or tax stamps?

Tax file number (TFN)

It is not an offence not to quote your TFN. However, your TFN helps the Australian Taxation Office (ATO) to correctly identify your tax records. The ATO is authorised by the *Income Tax Assessment Act 1936* to ask for information in this tax return. We need this information to help administer the tax laws. We may give some of this information to other government agencies authorised by law to receive it, including the Department of Social Security, the Department of Veterans' Affairs and the Department of Employment, Education, Training and Youth Affairs.

Title For example, Mr, Mrs, Ms, Miss

Sex—write **X** in a box Male Female

Name Surname or family name

Given names

Changed name since filling in your last tax return? If yes, print the full name you used before.

Current postal address
If the address has not changed, please print it **exactly** as shown on the last notice of assessment or the last tax return lodged.

Suburb or town State Postcode

Country—if outside Australia

Postal address on previous tax return
If the address has changed, please print it **exactly** as shown on the last notice of assessment or the last tax return lodged.

Suburb or town State Postcode

Country—if outside Australia

Home address
If the same as current postal address, print 'as above'.

Suburb or town State Postcode

Country—if outside Australia

Full name of spouse—married or de facto—during the 1995–96 financial year

Surname or family name Given names

Your date of birth Day Month Year

Final tax return If you know this is your final tax return, print '**FINAL**'.

Electronic Funds Transfer
Your account can be directly credited or debited.
Write at Election—**R** for refund, **D** for debit, **B** for both and complete the account details.
To cancel your previous year's election, write **C**.

Election—R, D, B or C

BSB number

Account number

Account name

Read and sign the declaration after filling in your tax return.
I declare that all the information I have given is true and correct, and:

- I have shown all my income for tax purposes, including net capital gains, from sources in **and out of** Australia for the year of income;
- I have the necessary receipts and/or other records, or expect to obtain the necessary written evidence within a reasonable time of lodging this tax return, to support my claims for deductions and rebates.

Important:

- The tax law imposes heavy penalties for giving false or misleading information.
- If the taxpayer is not a resident of Australia the words **and out of** may be deleted from the declaration.

Signature **Date**

Tax agent's certificate

Where the agent is a partnership or a company, this certificate must be signed in the name of the partnership or company, as the case requires, by a person who is registered as a nominee of that partnership or company, and that person's name must also be appended.

I,

having charged a fee directly or indirectly for preparing or assisting in the preparation of this tax return, hereby certify that this tax return has been prepared in accordance with the information supplied by the taxpayer.

Agent's signature Date Client's reference

Contact name Agent's phone number Agent's reference number

ATO use only

ETP 5%	B
ETP1–Code	C
ETP1–Lrt	D
ETP1–Bal	E
ETP2–Code	J
ETP2–Lrt	Q
ETP2–Bal	R
Average Code Indics	H
	X
P/T Indics	Y
LLP–Start	S
LLP–End	T
M/I Indic	P

F

Income—salary, wages, pensions, interest, etc.

Tax instalments deducted $ c

1 Job Search, Newstart, Sickness Allowance or Special Benefit, AUSTUDY or other educational allowances — A .00

2 Australian pension or other benefit or allowance — B .00

Notional taxable income of spouse W .00

3 Gross salary and wages shown on group certificates and tax stamps sheets

Main salary and wage occupation

Occupation code X

Name of employer from each group certificate or tax stamps sheets

C .00
D .00
E .00
F .00

4 Lump sum payments Amount 'A' in 'Lump sum payments' box — G .00

5% of amount 'B' in 'Lump sum payments' box — H .00

5 Eligible termination payments Taxable amount other than excessive component — I .00

Excessive component — U .00

6 Other Australian pensions or annuities

Type — J .00

7 Allowances, benefits, earnings, tips, director's fees, etc. — K .00

8 Total of tax instalments deducted Add the ▶ boxes S

9 Gross interest—including Commonwealth Government loan interest — L .00

TFN amounts deducted on interest M

10 Partnerships and trusts

Distribution from primary production income N .00

Deduction from primary production income distribution X .00

Net primary production distribution .00

Distribution from non-primary production income O .00

Deduction from non-primary production income distribution Y .00

Net non-primary production distribution .00

Share of prescribed payments system (PPS) credit P .00

Share of reportable payments system (RPS) credit Z .00

Share of imputation credit from franked dividends Q

Share of TFN amounts deducted on interest and/or dividends R

Share of credit for tax paid by trustee S

Share of credit for provisional tax paid by trustee T

Voluntary instalments of tax A

11 Net income or loss from business

Net primary production income or loss — B .00

Net non-primary production income or loss — C .00

PPS credit D .00

RPS credit W .00

12 Income equalisation deposits or withdrawals — E .00

Tax withheld on withdrawal of income equalisation deposit F

13 Net capital gain — H .00

Capital losses applied G .00

Capital losses carried forward M .00

F

Staple the employee's tax return copy of your group certificates, tax return copy of your tax vouchers, tax stamps sheets and any other attachments here. Please place group certificates on top.

14 Attributed foreign income
Did you have either a direct or indirect interest in a foreign trust, controlled foreign company or transferor trust? Write 'Y' for Yes or 'N' for No. I
Did you have an interest in a foreign investment fund or a foreign life assurance policy? Write 'Y' for Yes or 'N' for No. J
K .00

F

15 General net foreign source income
Net foreign employment and foreign pension income L .00
Other general foreign source income M .00
Exempt foreign employment income N .00
Foreign tax credits O

16 Rent
Gross rent P .00
Interest deductions Q .00
Other rental deductions R .00
Net rent .00

17 Dividends
Unfranked amount S .00
Franked amount T .00
Imputation credit U .00
TFN amounts deducted on dividends V

18 Life assurance bonuses W .00

19 Other income
Eligible taxable income Z .00
Type of income
Excepted net income X .00
Y .00 F

20 Total income or loss Items 1 to 19—add the boxes .00

Deductions

21 Work related motor vehicle expenses A .00
22 Other work related travel expenses B .00
23 Work related uniforms, protective clothing and laundry expenses C .00
24 Work related self-education expenses—do not claim the first $250 D .00
25 Other work related expenses E .00
26 Total prior year losses
Primary production losses F .00
Non-primary production losses Z .00
27 Film industry incentives G .00
28 Non-employer sponsored superannuation contributions
Full name of fund
Policy number H .00
29 Interest and dividend deductions I .00
30 Gifts or donations J .00
31 Managing tax affairs and undeducted purchase price of pension or annuity K .00
32 Total deductions Items 21 to 31—add the boxes .00

33 Taxable income or loss Subtract item 32 from item 20 $ .00

Rebates

34 Spouse—married or de facto—child-housekeeper or housekeeper P .00
Spouse or child-housekeeper separate net income V .00
Basic Parenting Allowance W .00
35 Sole parent Q .00
36 Zone or overseas forces R .00
37 Superannuation rebates
Contributions paid S .00
38 Other rebates T .00
39 Total rebates Items 34 to 38—add the boxes U .00 F

Other

40 Tax vouchers and tax stamps sheets—not already shown at items 3 and 10 K

41 Early payment interest credit L

42 Higher Education Contribution Scheme election—code E or C M

43 Pro rata tax-free income Date Months N

Income during period as student O .00

44 Medicare levy reduction or exemption

Full levy exemption—number of days V

Half levy exemption—number of days W

Taxable income of spouse X .00

Number of dependent children and students Y

F

Business and professional items—fill in the remainder of this page only if you completed question 11

45 Description of main business activity

Industry code ATO ANZSIC A

46 Status of your business—write **X** in a box if applicable

Multiple business B 1 Ceased business B 2 Commenced business B 3

47 Business name of main business

48 Business address of main business

Suburb or town State C Postcode

49 Business income and deductions

	Primary production	Non-primary production	Totals
Total business income	D .00	E .00	.00
Expenses			
External labour costs	.00	.00	F .00
Superannuation	.00	.00	G .00
Cost of sales	.00	.00	H .00
Bad debts	.00	.00	I .00
Lease expenses	.00	.00	J .00
Rent expenses	.00	.00	K .00
Total interest expenses	.00	.00	L .00
Depreciation expenses	.00	.00	M .00
Motor vehicle expenses	.00	.00	N .00
Repairs and maintenance	.00	.00	O .00
All other expenses	.00	.00	P .00
Total expenses—labels F to P	.00	.00	Q .00
Investment allowance	.00	.00	R .00
Reconciliation adjustment	.00	.00	S .00
Net income or loss from business	.00	.00	.00
	as shown at item 11 on page 2	as shown at item 11 on page 2	

Other business and professional items

50 Opening stock T .00

51 Closing stock U .00

52 Trade debtors V .00

53 Trade creditors W .00

54 Total salary and wage expenses X .00

55 Payments to associated persons Y .00

56 Depreciable assets purchased Z .00 F

57 Depreciable assets sold A .00

58 Gross PPS income B .00

59 Gross RPS income E .00

60 Overseas interest expenses C .00

61 Land degradation expenses D .00

62 Trading stock election—write Y for yes or leave blank F

Australian Taxation Office

Company

1996 Income Tax Return

1 July 1995 to 30 June 1996 or

to

Specify period if part year or **approved** substitute period

Tax file number

Name of company and ACN or ARBN

ACN/ARBN*

* Cross out whichever is not applicable

Previous name of company
If the company name has changed, please print it **exactly** as shown on the last notice of assessment or the last tax return lodged.

ACN/ARBN*

* Cross out whichever is not applicable

Current postal address
If the address has not changed, please print it **exactly** as shown on the last notice of assessment or the last tax return lodged.

Suburb or town State Postcode

Postal address on previous tax return
If the address has changed, please print it **exactly** as shown on the last notice of assessment or the last tax return lodged.

Suburb or town State Postcode

Business address of main business

Suburb or town State Postcode

Final tax return refer to *The 1996 Form C Instructions*

1 Ultimate holding company name and ACN or ARBN

ACN/ARBN*

Immediate holding company name and ACN or ARBN

ACN/ARBN*

* Cross out whichever is not applicable

2 Description of main business activity

Industry code ATO ANZSIC **B**

3 Status of company
Write X in a box if applicable

		Private **D 1**		Multiple business **E 1**	
		Public **D 2**	Non-profit **D 5**	Ceased business **E 2**	
Resident **C 1**		Strata title **D 3**	Registered organisation **D 6**	Commenced business **E 3**	F
Non-resident **C 2**		Co-operative **D 4**	Pooled development fund **D 7**		

Calculation Statement

Foreign tax credits	**C**	$:	**Taxable or net income**	**A**	$:	
Rebates	**D**	$:	Gross tax	**B**	$:	
Franking deficit tax offset	**E**	$:	Less: total of labels C to P Add the ▼ boxes	**F**	$:	
Deficit deferral tax offset	**P**	$:	**Tax payable**		$:	
			Add: section 102AAM interest charge	**G**	$:	
PPS credit	**I**	$:	Less: total of labels I to J Add the ◗ boxes	**K**	$:	
RPS credit	**O**	$:	**Subtotal**		$:	
Early payment interest credit	**N**	$:	**Less: instalment(s) paid**	**L**	$:	
Other refundable credits	**J**	$:	Amount of payment or refund	**M**	$:	F

IN-CONFIDENCE–when completed

Information Statement

To be completed by all companies
Refer to *The 1996 Form C instructions* for information on completing this tax return.

4 Calculation of total profit or loss

Income	Sales of goods and services	G	
	Income or loss from partnership or trust	A	
	Gross rents, leasing and hiring	B	
	Gross interest	C	
	Gross dividends	D	
	Other gross income	E	
	Total income–labels G to E	F	F
Expenses	External labour costs	G	
	Superannuation	H	
	Cost of sales	I	
	Bad debts	J	
	Lease expenses – within Australia	K	
	Lease expenses – overseas	W	
	Rent expenses	L	
	Interest expenses – within Australia	M	
	Interest expenses – overseas	N	
	Royalty expenses – within Australia	O	
	Royalty expenses – overseas	P	
	Depreciation expenses	Q	
	Motor vehicle expenses	R	
	Repairs and maintenance	S	
	All other expenses	T	
	Total expenses–labels G to T	U	
	Operating profit or loss–label F less label U	X	
Extraordinary items	Extraordinary items	Y	
	Total profit or loss	V	F

5 Reconciliation to taxable income or loss

Add	Net capital gains	A	
	Other add back items	B	
Less	Depreciation deducted	C	
	Special building write-off	D	
	Investment allowance	H	
	Development allowance	L	
	Non-syndicated research and development	I	
	Syndicated research and development	M	
	Other subtraction items	E	
	Losses recouped	N	
	Losses transferred in	G	
	Taxable income or loss	J	
	Losses transferred out	K	
	Total losses carried forward	F	F

6 Financial information

Opening stock	B	/
Closing stock	C	/
Trade debtors	D	/
All current assets	E	/
Total assets	F	/
Trade creditors	G	/
All current liabilities	H	/
Total liabilities	I	/
Shareholders' funds	J	/
Trading stock election		F

7 Other information

Total salary and wage expenses	A	/
Gross PPS income	C	/
Gross RPS income	G	/
Dividends paid – franked	D	/
Dividends paid – unfranked	E	/
Payments to associated persons	F	/
Depreciable assets purchased	H	/
Depreciable assets sold	I	/
Net foreign income	J	/
Attributed foreign income – listed country	K	/
Attributed foreign income – unlisted country	Y	/
Attributed foreign income – transferor trust	B	/
Attributed foreign income – FIF income	Z	/
Attributed foreign income – foreign life policy	R	/
Capital losses applied	M	/
Capital losses carried forward	V	/
Section 128F exempt interest paid	S	/
Land degradation expenses	N	/
Unadjusted OBU income or loss	O	/
Currency gain or loss	L	/
Franking account balance – class A	P	/
Franking account balance – class C	W	/
Loans to shareholders	X	/

8 Licensed clubs only

Percentage of non-member income	Q	%	F

9 Life assurance companies and registered organisations only

Superannuation business income

complying	R	
non-complying	S	
net capital gains	T	
gross taxable contributions	U	
total superannuation deductions	P	

10 Pooled development funds

Small and medium sized enterprises income	A	
Unregulated investment income	B	

11 to 13 Overseas transactions or interests

The following questions must be answered:

Write 'Y' for Yes or 'N' for No at questions 11, 12 and 13.
If you answer Yes to questions 11, 12 or 13 below, complete and attach *Schedule 25A*.

11 Overseas transactions

Did the company have international dealings, including loans, advances or financial derivative transactions, with related parties overseas, including permanent establishments? See *Schedule 25A* for the meaning of terms. **V**

12 Interest in a foreign company or foreign trust

Did the company have either a direct or indirect interest in a foreign trust, controlled foreign company, or transferor trust? **W**

13 Foreign investment fund and foreign life assurance policy

Did the company have an interest in a foreign investment fund or a foreign life assurance policy? **X**

F

Declaration

I declare that the particulars shown in this tax return and the relevant records used to ascertain the taxable or net income, as shown, derived by the company from all sources in **and out of** Australia during the year of income are true and correct. Non-resident companies: delete 'and out of'.

Public officer's signature

Date

Public officer's phone number

Public officer's title

Public officer's name

Tax agent's certificate

Where the agent is a partnership or a company, this certificate must be signed in the name of the partnership or company, as the case requires, by a person who is registered as a nominee of that partnership or company. That person's name must also be appended.

I,

having charged a fee directly or indirectly for preparing or assisting in the preparation of this tax return, hereby certify that this tax return has been prepared in accordance with the information supplied by the taxpayer.

Agent's signature

Date

Client's reference

Contact name

Agent's phone number

Agent's reference number

Australian Taxation Office

Fund 1996 Income Tax Return

1 July 1995 to 30 June 1996 or

to

Specify period if part year or **approved** substitute period

Tax file number

Name of fund or trust

Previous name of fund or trust
If the fund or trust name has changed, please print it **exactly** as shown on the last notice of assessment or the last tax return lodged.

Current postal address
If the address has not changed, please print it **exactly** as shown on the last notice of assessment or the last tax return lodged.

Suburb or town | State | Postcode

Postal address on previous tax return
If the address has changed, please print it **exactly** as shown on the last notice of assessment or the last tax return lodged.

Suburb or town | State | Postcode

Name of trustee | ACN/ARBN*

*Cross out whichever is not applicable

Business postcode

Final tax return
refer to *The 1996 Form F Instructions*

Declaration

I declare that the particulars shown in this tax return and the relevant records used to ascertain the taxable income, as shown, derived by the fund or trust from all sources in **and out of** Australia during the year of income are true and correct. Non-resident funds or trusts: delete 'and out of'.

Trustee's signature | Date | Trustee's contact name | Trustee's phone number

Tax agent's certificate

Where the agent is a partnership or a company, this certificate must be signed in the name of the partnership or company, as the case requires, by a person who is registered as a nominee of that partnership or company. That person's name must also be appended.

I,

having charged a fee directly or indirectly for preparing or assisting in the preparation of this tax return, hereby certify that this tax return has been prepared in accordance with the information supplied by the taxpayer.

Agent's signature | Date | Client's reference

Contact name | Agent's phone number | Agent's reference number

1 Superannuation Fund Number refer to *The 1996 Form F Instructions* **A**

2 Date of establishment of fund or trust refer to *The 1996 Form F Instructions* **B**

3 Status of fund or trust
Write X in a box if applicable

Resident **C 1**
Non-resident **C 2**
Superannuation fund **D 1**
Approved deposit fund **D 2**
Pooled superannuation trust **D 3**
Membership industry classification **E**
refer to *The 1996 Form F Instructions*

4 Type of fund or trust refer to *The 1996 Form F Instructions*

Non-regulated **H 1**
Excluded **H 2**
Public offer or Retail **H 3**
Industry or Award **H 4**
Employer sponsored or Corporate **H 5**
Public sector fund **H 6**
Other **H 7**

5 Is the fund or trust complying in accordance with section 45, 47 or 48 of the *Superannuation Industry (Supervision) Act*? refer to *The 1996 Form F instructions*
Write 'Y' for Yes or 'N' for No **F**

6 Does the fund or trust expect to have liability to tax in future years? refer to *The 1996 Form F Instructions*
Write 'Y' for Yes or 'N' for No **G** F

Calculation Statement

			Taxable income	**A**	$:
			Gross tax	**B**	$:
Foreign tax credits	**C**	$:	Less: total of labels C and D	**E**	$:
Rebates	**D**	$:	**Tax payable**		$:
Early payment interest credit	**K**	$:	Add: section 102AAM interest charge	**F**	$:
Other refundable credits	**G**	$:	Less: total of labels K and G	**H**	$:
			Subtotal		$:
			Less: instalment(s) paid	**I**	$:
			Amount of payment or refund	**J**	$: F

NAT 658

IN-CONFIDENCE–when completed

Information Statement

To be completed by all entities
refer to *The 1996 Form F instructions* for information on completing this tax return.

Income

Net capital gains	A	
Gross rent	B	
Gross interest	C	
Gross dividends	D	
Net foreign income	E	
Gross taxable contributions – employer	F	
Gross taxable contributions – employee or depositor	G	
Net excessive private company dividends and other excessive non-arms length income	H	
Sections 288A and 288B net previous income	K	
Other income	I	
Total–labels A to I	J	

F

Less

Interest expenses – within Australia	A	
Interest expenses – overseas	B	
Other deductions	C	
Transfer of taxable contributions	D	
Losses recouped	E	
Exempt current pension income	F	
Exempt section 290A income	G	
Taxable income or loss	H	
Losses carried forward	I	

Other

Total investments	J	
Number of members	K	
Capital losses applied	L	
Capital losses carried forward	U	
Exempt contributions – section 274(7)	M	
Exempt contributions – section 275B	N	
Attributed foreign income – listed country	O	
Attributed foreign income – unlisted country	S	
Attributed foreign income – FIF/FLP income	T	

The following questions must be answered:

Write 'Y' for Yes or 'N' for No at questions 7 to 14.
If you answer Yes to question 7, 8 or 9 below, complete and attach *Schedule 25A*.

7 Overseas transactions
Did the fund or trust have international dealings, including loans, advances or financial derivative transactions with related parties overseas, including permanent establishments? See *Schedule 25A* for the meaning of these terms. P

8 Interest in a foreign company or foreign trust
Did the fund or trust have either a direct or indirect interest in a foreign trust, controlled foreign company, or transferor trust? Q

9 Foreign investment fund and foreign life assurance policy
Did the fund or trust have an interest in a foreign investment fund or a foreign life assurance policy? R F

10 If there is an amount of exempt current pension income, has the trustee of the fund obtained the relevant actuary's certificate or certificates required by section 273A, 273B or 283 as a condition of exemption? Y or N
Answer this question ONLY if there is an amount of exempt current pension income.

11 Is the fund or trust claiming a deduction for premiums for death or disability cover under section 279 that requires an actuary's certificate to be obtained? Y or N
If so, has the fund or trust obtained the relevant certificate? Y or N

12 Has the fund or trust, with consent of the transferee, transferred taxable contributions to a life assurance company, registered organisation or pooled superannuation trust? Y or N
If so, show the name of the transferee or transferees and the amount of contributions transferred to each. Name: ..... $ .....
..... $ .....

13 (a) Is the fund or trust a continuously complying fixed interest approved deposit fund claiming to have part of its income treated as exempt under section 290A? Y or N

(b) Is the reckoning time, at which the components in the formula in subsection 290A(2) were determined, at a time other than the beginning of the year of income? Y or N

If so, state the reckoning time.

14 Has the fund or trust made a payment or transferred a benefit that is included in the assessable income of the recipient under section 82AAQ? Y or N

Australian Taxation Office

Partnership

1996 Income Tax Return

1 July 1995 to 30 June 1996

Have you attached any 'other attachments'?

Tax file number (TFN)

Notes to assist in the preparation of this tax return are provided in *The 1996 Forms P and T Instructions*. Instructions are available at all tax offices. Post or deliver this tax return to a tax office by **31 October 1996**. Tax office addresses are shown in the instructions.

Name of partnership

Previous name of partnership
If the partnership name has changed, please print it **exactly** as shown on the last tax return lodged.

Current postal address
If the address has not changed, please print it **exactly** as shown on the last tax return lodged.

Suburb or town State Postcode

Country–if outside Australia

Postal address on previous tax return
If the address has changed, please print it **exactly** as shown on the last tax return lodged.

Suburb or town State Postcode

Country–if outside Australia

Full name of the partner
to whom notices should be sent.

Title–for example, Mr, Mrs, Ms, Miss

Surname or family name Given names

- If the partner is an individual, print details here. →

Name

- If the partner is a partnership, company or trust estate print details here. →

ACN/ARBN*

*Cross out whichever is not applicable

Tax file number of former partnership
If the partnership arose as a result of a reconstitution, refer to *The 1996 Forms P and T Instructions.*

Final tax return
refer to *The 1996 Forms P and T Instructions*

Important
Before making this declaration please check to ensure that all income has been disclosed and the tax return is true and correct in every detail. If you are in doubt about any aspect of the tax return, place all the facts before the tax office. The income tax law provides **severe penalties** for false or misleading statements in tax returns.

Declaration I declare that:

- the particulars shown in this tax return and in the accompanying documents are true and correct in every detail and disclose a full and complete statement of the total income derived from all sources in **and out of** Australia during the year of income; and
- the partnership has the necessary receipts and/or other records, or expects to obtain the necessary written evidence within a reasonable time of lodging this tax return.

Signature **Date**

This declaration and all attached documents must be signed by a partner.

Tax agent's certificate

Where the agent is a partnership or a company, this certificate must be signed in the name of the partnership or company, as the case requires, by a person who is registered as a nominee of that partnership or company, and that person's name must also be appended.

I,

having charged a fee directly or indirectly for preparing or assisting in the preparation of this tax return, hereby certify that this tax return has been prepared in accordance with the information supplied by the taxpayer.

Agent's signature Date Client's reference

Contact name Agent's phone number Agent's reference number

Tax Office use only

Indics **X**

F

1 Description of main business activity

Industry code ATO ANZSIC **A**

2 Status Write X in a box if applicable — Multiple business **B 1** — Ceased business **B 2** — Commenced business **B 3**

Income

		Primary production		Non-primary production		Totals
3 Total business income	**A**		**B**			
Expenses						
External labour costs					**C**	
Superannuation					**D**	
Cost of sales					**E**	
Bad debts					**F**	
Lease expenses					**G**	
Rent expenses					**H**	
Total interest expenses					**I**	
Total royalty expenses					**J**	
Depreciation expenses					**K**	
Motor vehicle expenses					**L**	
Repairs and maintenance					**M**	
All other expenses					**N**	
Total expenses – labels C to N					**O**	
Investment allowance					**U**	
Reconciliation adjustment					**P**	
Net income or loss from business	**Q**		**R**		**S**	

4 Prescribed payments system (PPS) credit **T**

5 Reportable payments system (RPS) credit **V**

7 Partnerships and trusts

Distribution from primary production income	**A**	
Deduction from primary production income distribution	**S**	
Net primary production distribution		
Distribution from non-primary production income	**B**	
Deduction from non-primary production income distribution	**T**	
Net non-primary production distribution		
Share of PPS credit	**C**	
Share of RPS credit	**U**	
Share of imputation credit from franked dividends	**D**	
Share of TFN amounts deducted on interest and/or dividends	**E**	

8 Rent

Gross rent	**F**	
Interest deductions	**G**	
Other rental deductions	**H**	
Net rent		

9 Gross interest – including Commonwealth Government loan interest **J**

TFN amounts deducted on interest **I**

10 Dividends

Unfranked amount	**K**	
Franked amount	**L**	
Imputation credit	**M**	

TFN amounts deducted on dividends **N**

11 Other Australian income–give details

Type of income **O**

12 Total items 3 to 11–add the boxes

Deductions

13 Deductions relating to Australian investment income P

14 Other deductions–show only Australian source deductions

Name of each item of deduction	Amount	
	.00	
	.00	Q

16 Total of items 13 and 14

17 Net Australian income or loss **Subtract item 16 from item 12** S F

Foreign income

19 Attributed foreign income

Did the partnership have either a direct or indirect interest in a foreign trust, controlled foreign company or transferor trust? Write 'Y' for Yes or 'N' for No. S

Listed country U
Unlisted country X

Did the partnership have an interest in a foreign investment fund or a foreign life assurance policy? Write 'Y' for Yes or 'N' for No. T

FIF/FLP income Y

If Yes to either question, complete and attach *Schedule 25A*

20 General net foreign source income excluding foreign source losses Foreign tax credits V

21 Total net income or loss from all sources excluding foreign source losses **Add items 17 to 20**

22 Overseas transactions

Did the partnership have international dealings, including loans, advances or financial derivative transactions, with related parties overseas, including permanent establishments? Write 'Y' for Yes or 'N' for No. W F

If Yes, complete and attach *Schedule 25A*

Business and professional items

The following information must be filled in for all partnerships carrying on a business.

23 Business name of main business

24 Business address of main business

Suburb or town State A Postcode

25 Opening stock	C		**34** Total salary and wage expenses	L	
26 Closing stock	D		**35** Payments to associated persons	M	
27 Trade debtors	E		**36** Depreciable assets purchased	N	
28 All current assets	F		**37** Depreciable assets sold	O	
29 Total assets	G		**38** Gross PPS income	P	
30 Trade creditors	H		**39** Gross RPS income	T	
31 All current liabilities	I		**40** Overseas interest expenses	Q	
32 Total liabilities	J		**41** Overseas royalty expenses	R	
33 Proprietors' funds	K		**43** Trading stock election Write 'Y' for Yes or leave blank		F

Note: It is not an offence not to quote a tax file number (TFN). However, TFN's help the Australian Taxation Office (ATO) to correctly identify each partner's tax records. The ATO is authorised by the *Income Tax Assessment Act 1936* to ask for information in this tax return. We need this information to help administer the tax laws.

45 Statement of distribution of net Australian income or loss as shown at item 17

1 Name in full of each partner and TFN or postal address. **If the partner is a trustee, including a trustee company, show the name of the trust estate not the name of the trustee.**	2 Share of income: Primary production income $	2 Share of income: Non-primary production income $	3 PPS credit $	4 RPS credit $	5 Imputation credit $ ¢	6 TFN credit $ ¢
TFN	A	B	C	J	D	E
TFN	A	B	C	J	D	E
TFN	A	B	C	J	D	E
TFN	A	B	C	J	D	E
TFN	A	B	C	J	D	E
Totals of Columns 2, 3, 4, 5 and 6	A	B	C	J	D	E +

Important
If any partner, 18 years of age or more at 30 June 1996, does not have real and effective control–see notes in *The 1996 Forms P and T Instructions*–over his or her share of income, state name(s). → F

Australian Taxation Office

Trust

1996 Income Tax Return

1 July 1995 to 30 June 1996

Have you attached any 'other attachments'?

Tax file number (TFN)

Notes to assist in the preparation of this tax return are provided in *The 1996 Forms P and T Instructions*. Instructions are available from all tax offices. Post or deliver this tax return to a tax office by **31 October 1996**. Tax office addresses are shown in the instructions.

Name of trust estate

Previous name of trust estate
If the trust name has changed, please print it **exactly** as shown on the last notice of assessment or the last tax return lodged.

Current postal address
If the address has not changed, please print it **exactly** as shown on the last notice of assessment or the last tax return lodged.

Suburb or town State Postcode

Country–if outside Australia

Postal address on previous tax return
If the address has changed, please print it **exactly** as shown on the last notice of assessment or the last tax return lodged.

Suburb or town State Postcode

Country–if outside Australia

Full name of the trustee
to whom notices should be sent.

Title–for example, Mr, Mrs, Ms, Miss

Surname or family name Given name

- If the trustee is an individual, print details here. →

Name

- If the trustee is a company, print details here. →

ACN/ARBN*

*Cross out whichever is not applicable

Trust estate of a deceased person
refer to *The 1996 Forms P and T Instructions*

Is this the trust estate of a deceased person? Y or N

If Yes, print the date of death

Is any tax payable by the trustee?
refer to *The 1996 Forms P and T Instructions*

Y or N

Final tax return
refer to *The 1996 Forms P and T Instructions*

Electronic Funds Transfer
Your account can be directly credited or debited. Write at Election: **R** for refund, **D** for debit or **B** for both and complete the account details.
To cancel your previous year's election, write **C**.

Election– R, D, B or C

BSB number

Account number

Account name

Important Before making this declaration please check to ensure that all income has been disclosed and the tax return is true and correct in every detail. If you are in doubt about any aspect of the tax return, place all the facts before the tax office. The income tax law provides **severe penalties** for false or misleading statements in tax returns.

Declaration I declare that:

- the particulars shown in this tax return and in the accompanying documents are true and correct in every detail and disclose a full and complete statement of the total income derived from all sources in **and out of** Australia during the year of income; and
- the trust has the necessary receipts and/or other records to support any claims made for car and travel expenses in this tax return.

Signature **Date**

This declaration and all attached documents must be signed by a trustee or public officer.

Tax agent's certificate

Where the agent is a partnership or a company, this certificate must be signed in the name of the partnership or company, as the case requires, by a person who is registered as a nominee of that partnership or company, and that person's name must also be appended.

I,

having charged a fee directly or indirectly for preparing or assisting in the preparation of this tax return, hereby certify that this tax return has been prepared in accordance with the information supplied by the taxpayer.

Agent's signature Date Client's reference

Contact name Agent's phone number Agent's reference number

Tax Office use only

Indics **X** **F**

1 Description of main business activity

Industry code ATO ANZSIC **A**

2 Status Write X in a box if applicable — Multiple business **B 1** — Ceased business **B 2** — Commenced business **B 3** — **F**

Income		Primary production		Non-primary production		Totals
3 Total business income	**A**	.00	**B**	.00		.00
Expenses						
External labour costs		.00		.00	**C**	.00
Superannuation		.00		.00	**D**	.00
Cost of sales		.00		.00	**E**	.00
Bad debts		.00		.00	**F**	.00
Lease expenses		.00		.00	**G**	.00
Rent expenses		.00		.00	**H**	.00
Total interest expenses		.00		.00	**I**	.00
Total royalty expenses		.00		.00	**J**	.00
Depreciation expenses		.00		.00	**K**	.00
Motor vehicle expenses		.00		.00	**L**	.00
Repairs and maintenance		.00		.00	**M**	.00
All other expenses		.00		.00	**N**	.00
Total expenses – labels C to N		.00		.00	**O**	.00
Investment allowance					**U**	.00
Reconciliation adjustment		.00		.00	**P**	.00
Net income or loss from business	**Q**	.00	**R**	.00	**S**	.00

4 Prescribed payments system (PPS) credit **T**

5 Reportable payments system (RPS) credit **V**

6 Early payment interest credit **W**

7 Partnerships and trusts **F**

Distribution from primary production income	**A**		
Deduction from primary production income distribution	**S**		
Net primary production distribution			.00
Distribution from non-primary production income	**B**		
Deduction from non-primary production income distribution	**T**		
Net non-primary production distribution			.00
Share of PPS credit	**C**		
Share of RPS credit	**U**		
Share of imputation credit from franked dividends	**D**		
Share of TFN amounts deducted on interest and/or dividends	**E**		

8 Rent

Gross rent	**F**	.00	
Interest deductions	**G**	.00	
Other rental deductions	**H**	.00	Net rent .00

9 Gross interest – including Commonwealth Government loan interest **J** .00

TFN amounts deducted on interest **I**

10 Dividends

Unfranked amount	**K**	.00
Franked amount	**L**	.00
Imputation credit	**M**	.00

TFN amounts deducted on dividends **N**

11 Other Australian income–give details

Type of income — Excepted net income .00

O .00

12 Total items 3 to 11–add the ◤ boxes .00

Deductions

13 Deductions relating to Australian investment income P

14 Other deductions–show only Australian source deductions

Name of each item of deduction	Amount	
	.00	
	.00	Q

15 Total prior year losses

Primary production V

Non-primary production W

16 Total of items 13 to 15

17 Net Australian income or loss–other than capital gains **Subtract item 16 from item 12** $

18 Net capital gain R

Capital losses applied Z

Capital losses carried forward X

F

Foreign income

19 Attributed foreign income

Did the trust have either a direct or indirect interest in a foreign trust, controlled foreign company or transferor trust? Write 'Y' for Yes or 'N' for No. S

Did the trust have an interest in a foreign investment fund or a foreign life assurance policy? Write 'Y' for Yes or 'N' for No. T

Listed country U

Unlisted country X

FIF/FLP income Y

If Yes to either question, complete and attach *Schedule 25A*

20 General net foreign source income excluding foreign source losses Foreign tax credits V

21 Total net income or loss from all sources excluding foreign source losses **Add items 17 to 20**

22 Overseas transactions

Did the trust have international dealings, including loans, advances or financial derivative transactions, with related parties overseas, including permanent establishments? Write 'Y' for Yes or 'N' for No. W

F

If Yes, complete and attach *Schedule 25A*

Business and professional items

The following information must be filled in for all trusts carrying on a business.

23 Business name of main business

24 Business address of main business

A

Suburb or Town State Postcode

25 Opening stock	C	**34** Total salary and wage expenses	L
26 Closing stock	D	**35** Payments to associated persons	M
27 Trade debtors	E	**36** Depreciable assets purchased	N
28 All current assets	F	**37** Depreciable assets sold	O
29 Total assets	G	**38** Gross PPS income	P
30 Trade creditors	H	**39** Gross RPS income	T
31 All current liabilities	I	**40** Overseas interest expenses	Q
32 Total liabilities	J	**41** Overseas royalty expenses	R
33 Proprietors' funds	K	**42** Land degradation expenses	S

43 Trading stock election Write 'Y' for Yes or leave blank

F

Medicare levy reduction or exemption–refer to *The 1996 Forms P and T Instructions.*

44 Full levy exemption Number of days A

Half levy exemption Number of days B

Levy reduction 1995-96 Taxable income of spouse–if Nil show '0' C

Number of dependent children and students D

F

Note: It is not an offence not to quote a tax file number (TFN). However, TFN's help the Australian Taxation Office (ATO) to correctly identify each beneficiary's tax records. The ATO is authorised by the *Income Tax Assessment Act 1936* to ask for information in this tax return. We need this information to help administer the tax laws.

45 Statement of distribution

1 Name in full of each beneficiary and TFN or postal address	2 Birth date	3 Assmt calc code	4 Share of income: Primary production income $	4 Share of income: Non-primary production income $	5 PPS credit $	6 RPS credit $	7 Imputation credit $ ¢	8 TFN credit $ ¢	9 Net capital gain $	10 Attributed foreign income $	11 General net foreign source income $	12 Foreign tax credits $ ¢
TFN		V	A	B	C	J	D	E	F	G	H	I
TFN		V	A	B	C	J	D	E	F	G	H	I
TFN		V	A	B	C	J	D	E	F	G	H	I
TFN		V	A	B	C	J	D	E	F	G	H	I
												+
Income to which no beneficiary is 'presently entitled' and in which no beneficiary has an indefeasible vested interest, and trustee's share of credit for tax deducted. ➡		V	A	B	C	J	D	E	F	G	H	I
												F
Totals of Columns 4 to 12 ➡			A	B	C	J	D	E	F	G	H	I
												F

Questions at items 46 to 48 must be answered for all trust estate–If you answer Yes to any of the questions at items 46 to 48, please write 'Yes' in the 'other attachments' box on page 1 of this tax return.

46 Beneficiary under legal disability who is 'presently entitled' to income from another trust estate
Was any beneficiary in this trust estate, who was under a legal disability on 30 June 1996, also 'presently entitled' to a share of the net income of another trust estate? If Yes, or the answer is not known, please furnish the information requested in *The 1996 Forms P and T Instructions.* Yes ☐ No ☐

47 Non-resident beneficiary 'presently entitled' to income
Was any beneficiary who was not a resident of Australia at any time during the year of income, 'presently entitled' to a share of the net income of the trust estate? If Yes, attach the information requested in *The 1996 Forms P and T Instructions.* Yes ☐ No ☐

48 Non-resident trust estate–refer to *The 1996 Forms P and T Instructions* for the definition of a non-resident trust estate.
Is the trust estate a non-resident trust estate? If Yes, state the amount of income derived outside Australia to which no beneficiary is 'presently entitled'. Yes ☐ No ☐

Insert 'Nil' if applicable $

Australian Taxation Office

Fringe Benefits Tax Return Form

1 April 1995 to 31 March 1996

OFFICE USE ONLY

96

1. Tax file number: If you do not have a tax file number, please refer to the enclosed *1996 FBT Return Guide.*

2. Australian Company Number (A.C.N.) or Australian Registered Body Number (A.R.B.N.) (if applicable)

3. Name of trustee or senior partner:
If your organisation is a trust or partnership and we have not completed this box, please show the name of the trustee or the senior partner for your organisation.

4. Name of employer:

5. Postal address:

OFFICE USE ONLY (DO NOT ALTER)

6. Change of name and/or address:
If your name and/or address differs from that shown in Items 4 & 5 above, please give us the new details.
A CHANGE OF NAME MUST BE SUPPORTED BY A CERTIFIED COPY OF THE DOCUMENTARY EVIDENCE.

7. Change of business/trading name and/or address:
If your business/trading name and/or address has changed since your last return or if this is your first return please provide the correct details in this item.

OFFICE USE ONLY (DO NOT ALTER)

8. Are you a registered group employer? No ☐ Yes ☐ If Yes, please ensure that your group number is included in this box.

9. Type of organisation:
Please put an 'X' in the appropriate box.

Sole Trader	12		State Government	5	
Partnership	0		State Government Statutory Authority	6	
Public company	1		Commonwealth Department	7	
Private company	2		Comm. Govt. Statutory Authority	8	
Trust	3		Superannuation Fund	10	
Local Government	4		Other	11	

If Other please specify: .....

10. Type of industry:
Please put an 'X' in the appropriate box.

Primary production	1		Wholesale and retail trade	7	
Mining	2		Finance, insurance, real estate and business services	8	
Manufacturing	3		Health, education, welfare and community services	9	
Building and construction	4		Entertainment, recreation, hotels, personal services and restaurants	10	
Electricity, gas, water	5		State or Federal Government Dept.	11	
Transport, storage, communications	6		Other	12	

If Other please specify: .....

11. Description of main business activity
Please refer to the *1996 FBT Return Guide*

12. Is your organisation eligible to claim the 48% rebate of FBT? Yes/No
You should only write Yes if you are absolutely certain of your eligibility.
Refer to the *1996 FBT Return Guide* for more information.

13. Is your organisation income tax exempt? Yes/No

14. Do you intend to lodge an FBT return for the year ended 31/03/97? Yes/No
If No please tell us why not.

☐ business ceased/sold ☐ taxable amount of fringe benefits will be nil (e.g. due to employee contributions)

☐ benefits no longer provided

☐ other specify .....

Date benefits ceased (if applicable) / /

Office Use Only

15. EMPLOYER'S CALCULATION BLOCK

Type of benefits provided. (1 April 1995 to 31 March 1996)		Number of benefits provided	Number of employees receiving benefits	CALCULATION OF TAXABLE VALUE OF BENEFITS WHOLE DOLLARS ONLY PLEASE: Gross taxable value of benefits (a)	Employee contribution (b)	Value of reductions (c)	Taxable value of benefits (a) - (b) - (c)
Motor car - statutory formula	A						
Motor car - actual operating cost	B						
Loan	C						
Debt waiver	D						
Expense payment	E						
Housing	F						
Living-away-from-home allowance	G						
Airline transport	H						
Board	J						
Property	K						
Entertainment provided by an income tax exempt body	L						
Other benefits (residual)	M						
Car parking	N						
Meal entertainment	P						

Items 16, 17 and 18 MUST be completed. If value is nil, please show 0.

16. **AGGREGATE FRINGE BENEFITS TAXABLE AMOUNT:** (Total of Taxable value of benefits column)

17. **FRINGE BENEFITS TAXABLE AMOUNT:** (Item 16 divided by 0.51525) (Commonly referred to as the grossed-up amount)

Please show cents

18. **TOTAL AMOUNT OF TAX PAYABLE:** (48.475% of Item 17)

19. **AMOUNT OF REBATE:** To claim the rebate your answer must be 'yes' to question 12.

20. **SUB-TOTAL:** (Item 18 less Item 19)

21. **Less instalments of 1995/96 Fringe Benefits Tax already paid:** June '95 Qtr. + Sept. '95 Qtr. + Dec. '95 Qtr. + Lodgment arrangement payment =

22. **Payment due:** Please pay this amount (*Please round this amount down to the nearest multiple of five cents.*)

or

23. **Refund due to you:**

24. TAX AGENTS CERTIFICATION.

I, _____, having charged a fee directly or indirectly for preparing or assisting in the preparation of this return, hereby certify that this return has been prepared in accordance with the information supplied by the taxpayer.

Signature of Agent* _____ Date ____/____/19____ Registered No. of Agent

*NOTE: Where the agent is a partnership or a company, this certificate must be signed in the name of the partnership or company, as the case requires, by a person who is registered as a nominee of that partnership or company. That person's name must also be appended.

25. NAME OF PERSON TO CONTACT

Please provide the name and telephone number of the person we can contact if needed, regarding the information contained in this return.

Name

STD Code

Telephone Number

26. DECLARATION BY EMPLOYER

This return will not be regarded as having been lodged unless this declaration has been signed by the employer.

I, _____

declare that the particulars shown in this return, and any accompanying documents, are true and correct in every detail and disclose a full and complete statement of the net amount of all taxable fringe benefits provided to current, future and former employees and associates.

Signature of Employer _____ Date ____/____/19____

(i.e.: proprietor, partner, public officer, trustee, or for Government Departments and Authorities, the delegated officer).

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CD-ROM Index of Statistical Tables

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Individuals

Coverage, Compilation and Description of Items

Coverage

The statistics contained in the tables were compiled from Individual returns for the 1995–96 income year which were processed during the 1996–97 financial year.

Notes

0 indicates that the amount tabulated for the item is zero or has been rounded to zero. Rounding may cause totals to differ from the sum of the components.

n.e.i. indicates "not elsewhere included".

na. indicates "not available" or "not applicable" as the case may be.

Compilation

Individual returns were lodged either electronically or in paper form. Facsimiles of the return forms used can be found in Appendix 1.

For individuals, tables which include trustee assessments have a footnote to that effect.

Description of Items

State

The classification 'state' indicates the state in which taxpayers reside. This is based on the residential postcode shown on returns. Cases where there was no residential postcode shown have been classified as 'Other'.

State or Territory of Residence (for the postcode tables)

Derived from the postcode in the residential address shown on returns. Cases where the residential postcode was not shown or an invalid postcode was used have been classified as 'Invalid'and cases where taxpayers were resident overseas have been shown as 'Overseas'. Where the sum of the taxable and non-taxable cases for a postcode were less than 100 the statistics have been included in the 'other' category.

Industry Coding

The allocation of a return to a particular industry was based on the Australian and New Zealand Standard Industrial Classification (ANZSIC) four digit code to which has been added a 5th digit to enable the Australian Taxation Office to identify specific industries not identifiable under ANZSIC.

Returns were coded as follows:

Salary and Wage Earners

Returns with income only from:

(i) salary and wages; or

(ii) salary and wages with net income or loss from any other source, other than directly from business, of less than $1 000.

Subsidiary Returns

Returns with no direct business income or loss but with income from a partnership or trust not classified as salary and wage earners, as above, were coded as either 'primary production subsidiary' or 'other subsidiary' depending on the major source of income.

Property Income Recipients

Returns with income from investment property received directly and with no income/loss from a business, partnership or trust, not classified as salary and wage earners, as above.

Other Industries

Returns with direct business income were coded to the industry from which they derived the greatest total business income. It should be noted that the classification is based on the taxpayer's method of earning income rather than strictly on the type of work performed.

For example, professionals classified by industry are self-employed persons with professional fees as their principal source of non salary/wage income. Employed professionals earning their income in the form of salary are classified as salary and wage earners. Similarly a professional earning income solely as a partner in a non-primary production partnership would be classified with 'Other subsidiaries'.

Where an income tax return has been allocated a valid industry code, that code is accepted.

Statistics of Individuals

Under self assessment the statistical items tabulated are generally those recorded on the

individual return forms by the persons preparing those returns. Of course there are items which are calculated by the Taxation Office and these are included in the tables. Tax Pack contains instructions on what is to be included in each item on the return form and these are included in an edited form below.

Taxable
A return is taxable where there is an amount of net tax charged, ie. gross tax less rebates and credits plus medicare levy is a positive amount.

Non-Taxable
A return is non-taxable where there is no amount of net tax charged.

Number
Refers to the number of individual assessments (taxable or non-taxable as the case may be) included in the table.

Number of Tax Pack Express Cases
Refers to the number of income tax returns not prepared by agents but lodged under the Electronic Lodgment Service.

Number of Tax Agent Cases ELS
Refers to the number of individual returns processed which were lodged under the Electronic Lodgment Service including using lodgement services where returns were not prepared by tax agents.

Number of Tax Agent Cases Total
Refers to the total number of individual returns processed which were prepared by tax agents, including those lodged under the Electronic Lodgment Service. It also includes TaxPack Express cases.

Income Items

Job Search, etc.
Is the sum of amounts for: Job Search; Newstart allowances; Sickness allowances or Special Benefits; Youth Training allowances; Additional Parenting allowances; Partner or Widow allowances; Drought Relief payments; TCF (Textile, Clothing and Footwear) special allowances; Austudy or other educational allowances. These allowances include payments made under the Assistance for Isolated Children Scheme (AIC), the Aboriginal Study Assistance Scheme (ABSTUDY) and the Veterans' Children Education Scheme (VCES) for students over 16 years of age.

Australian Government Pensions
This item represents amounts specified as pensions or allowances paid by the Australian Government. It includes sole parent pensions, age pensions, widow B pensions, various service pensions and wife or carer pensions, bereavement allowances, disability support pensions, disability wage supplements, mature age allowances and mature age partner allowances.

Salary and Wages on Group Certificates, etc.
This is the amounts of salary or wage income returned at Item 3 for which group certificates or tax stamp sheets have been received.

Payments for Unused Leave on Termination of Employment
Amounts Assessable in full
This item is the sum of amounts for unused long service leave which accrued after 15 August 1978 and for unused annual leave if received because of bona fide redundancy or invalidity or under an Approved Early Retirement Scheme. It also includes amounts for unused long service leave that accrued after 15 August 1978 and before 18 August 1993, and for unused annual leave that accrued before 18 August 1993, if not paid because of bona fide redundancy or invalidity or under an Approved Early Retirement Scheme. A rebate exists to limit the marginal tax rate payable to a maximum of 30 % in 1995–96. Where taxpayers did not leave their job because of a bona fide redundancy, invalidity or under an Approved Early Retirement Scheme, the amounts paid in respect of unused annual leave or unused long service leave that accrued after 17 August 1993 are included under the item salary and wages on group certificates, etc.

Amounts Which are 5 % Assessable
This item is 5% of amounts received in lieu of long service leave which accrued prior to 16 August 1978.

Eligible Termination Payments include the following:
Payments received when leaving a job: Termination payments, severance payments, payments for unused sick leave, voluntary payments made by an employer including

payments on invalidity or retirement and compensation payments for loss of job, including redundancy and early retirement payments.

Payments from a superannuation fund (but not pensions or unauthorised benefits):
Payments at retirement for age, invalidity, or redundancy, refund of contributions to the superannuation fund, with or without interest on contributions, and other payments made during period of service that are in accordance with the fund's rules.

Payments made upon changing (or commuting) all or part of a pension or annuity (immediate or deferred) into a lump sum.

Payments from an approved deposit fund (ADF).

Lump sum payment accepted by a deceased contributor's dependant or any other person, as an alternative to a superannuation pension or annuity.

Payment for death benefits when paid to a person other than the spouse, de facto spouse, former spouse, child under 18 or other dependant of a deceased taxpayer.

Eligible Termination Payments

5 % assessable:
This item is 5% of amounts received for the 'concessional component' and 'Pre July 1983 Component' of eligible termination payments.

The 'concessional component' of an eligible termination payment comprises amounts in respect of an approved early retirement scheme payment, an invalidity payment or a bona fide redundancy payment.

The 'Pre July 1983 Component' of an eligible termination payment relates to service up to 30 June 1983.

Concessional Rate:
The concessional component that a taxpayer receives relates to the post June 1983 component of their ETP.

If the taxpayer is 55 years of age or older, the first $83 168 of the post June 1983 component is taxed at concessional rates and included at this item.

Other Rates:
All of the post June 1983 component for taxpayers aged under 55 is included at this item.

For taxpayers aged 55 or older any amount of the post June 1983 component which exceeds $83 168 is included here.

Total ETP's:
This item is the sum of amounts for eligible termination payments shown above.

Annuities, Other Pensions, Superannuation, etc.

This item is the total of Australian annuities, pensions, superannuation pension payments including Commonwealth Superannuation Fund pension and similar payments received other than under the Social Security Act 1947 and Veterans' Entitlements Act 1986. Tax instalments may or may not have been deducted.

Allowances or Benefits, etc.

This item includes tips, salary or wage income (where no tax instalments were deducted), consultation fees, honoraria and other remuneration. Also included are car allowance and travel allowance, cash allowance for use of employee's motor vehicle if the allowance was calculated on a per kilometre basis, bonuses, commissions and gratuities, allowance for tools and clothing, meal allowance, entertainment allowance, dirt, height, site and risk allowances paid by an employer.

Tax Instalment Deductions Presented

This item consists of amounts shown as tax instalments on group certificates and tax stamps sheets included in returns.

Tax vouchers and tax stamp sheets
Amounts shown at label K, item 40 in returns.

Foreign Employment and Foreign Pension Income

Australian residents who have derived income from overseas. This is the sum of amounts returned at item 15, label L on the return form.

Other Salary and Wages

This item is the total of amounts identified as salary and wages and returned at label Y, item 19 'Other Income' on the return form.

Total Salary and Wages in Assessable Income

This item is the aggregate of the income items listed above.

Gross Interest Received

This is the total of amounts shown as interest. It includes interest from banks, building societies,

credit unions, personal loans, Commonwealth Government loans, state authorities, debentures, and it includes any interest paid by the Tax Office on overpaid tax.

Distribution from Partnerships and Trusts

Primary Production
This item is the sum of amounts shown as primary production income (or loss) received from a partnership or trust.

Other
The sum of amounts received from a partnership or trust, other than amounts of primary production income.

Total
This item is the sum of the previous two items.

Deductions from Partnerships and Trusts

Primary Production
This item is the sum of expenses incurred in gaining primary production income from a partnership or trust.

Other
Sum of expenses incurred in gaining non-primary production income from a partnership or trust.

Total
This item is the sum of the previous two items, partnership and trust deductions — primary production and other.

Voluntary instalments of tax

This amount relates to voluntary payments of tax made on partnership income, shown at Label A, item 10.

Net Business Income

Primary Production
This item is the amount of income (or loss) from primary production business activities after deduction of relevant business deductions, including special primary producer deductions.

Other
Is the amount of business income (or loss), other than primary production business income (or loss), after deduction of relevant business deductions.

Total
This is the sum of the two items 'Net business income (or loss) from primary production' and 'Net business income (or loss) — other'.

Income Equalisation Deposits/Withdrawals

Where the total income from withdrawals exceeds the total deduction for deposits in respect of a taxpayer the net amount is classified as income equalisation withdrawals. On the other hand where the total deduction for deposits exceeds the total income from withdrawals in respect of a taxpayer the net amount is classified as income equalisation deposits.

Capital Losses Applied

This is the amount of current and any previous year losses carried forward that have been used to offset any capital gains received in the current year.

Capital Losses Carried Forward

Amount of unused net capital losses to be offset against any future capital gains.

Net Capital Gains

This item is the amount of any real capital gain (ie. allowing for inflation) made on the disposal of assets acquired after 19 September 1985. A net capital loss may be carried forward to be offset against capital gains in future years.

Attributed Foreign Income

Amounts shown at label K of item 14 on return forms.

Other Net Foreign Source Income

Amounts shown at label M of item 15, other general net foreign source income.

Exempt Foreign Employment Income

Amounts shown at Label N, item 15.

Gross Rents

This item is the total amount of rent and premiums returned at item 16 label P.

Rental Deductions

Interest — total interest paid on money borrowed — amounts shown at label Q of item 16.

Other — other rental expenses — amounts shown at label R of item 16.

Total — sum of labels Q and R at item 16.

Net Rents

Profit — Where gross rents less total rental deductions result in a positive amount.

Loss — Where gross rents less total rental deductions result in a negative amount.

Total — Gross rents less rental deductions.

Franked Dividends Received

This item consists of dividends and other distributions paid by resident companies including corporate unit trusts and public trading trusts, which have paid sufficient Australian tax for the dividends to carry a rebate entitlement for resident shareholders. These dividends are known as franked dividends.

Dividends Received — Total

This item consists of amounts returned as franked and unfranked dividends received or credited during the year. It does not include exempt dividends.

Total Life Assurance Bonuses

This item is the sum of amounts received as bonuses under short-term life assurance policies taken out after 27 August 1982, with life assurance companies, certain State Government Insurance Offices or friendly societies.

Other Income n.e.i.

This is the net amount (other than income of a salary and wage nature) shown at label Y item 19 'other income' on return forms.

Other Income

This is the net amount returned at label Y item 19, including income of a salary and wage nature.

Total Income

This is the sum of income labels included in items 1 to 19 as shown in return forms, at item 20.

Deduction Items

Work Related Expenses

Work related motor vehicle expenses — item 21 label A
Other work related travel expenses — item 22 label B
Work related uniforms/protective clothing/laundry expenses — item 23 label C
Work related self-education expenses — the amount over $250 only — item 24 label D
Other work related expenses — item 25 label E
Total work related expenses — the sum of the above items.

Prior Year Losses

Tax losses carried forward from previous years.

Primary Production — Amounts shown at label F item 26.

Non-Primary Production — Amount shown at label Z item 26.

Total Prior Year Losses — Sum of labels F and Z at item 26.

Film Industry Incentives

Amounts claimed at label G item 27, as deductions for capital monies expended by resident individuals in, or by contributing to, the production of a qualifying Australian film, ie. a film that is certified by the Minister responsible for the Arts.

Non-Employer Sponsored Superannuation Fund Contributions

Amounts shown in returns at item 28 label H as deductions for contributions to a non-employer sponsored superannuation fund. Self-employed persons, substantially self-employed persons and employees who do not receive any employer superannuation support are entitled to a tax deduction for their personal superannuation contributions under certain conditions. The amount of deduction was the lesser of the first $3 000 of contributions for 1995–96 plus 75% of the contributions over $3 000 for 1995–96, and the taxpayer's deduction limit for 1995–96. The limits were $9 405 (under 35 years), $26 125 (35 to 49) and $64 790 (50 and over).

Interest and Dividend Deductions

Amounts shown as interest and dividend deductions in returns, label I item 29.

Gifts

Gifts or donations to an organisation or charity which gave help in Australia, an approved overseas fund, an approved environmental or cultural organisation, a school building fund, a registered political party or an approved cultural bequest — amounts shown at label J item 30.

Expenses for managing tax affairs and undeducted purchase price of pension or annuity (other deductions)

Amount claimed at label K item 31. This item includes expenses relating to managing own tax affairs and expenses of complying with legal obligation relating to another person's tax affairs and amounts of undeducted purchase price of a pension or annuity.

Total Deductions

This item comprises all work related expenses, total prior year losses, film industry incentives,

non-employer sponsored superannuation fund contributions, interest and dividend deductions, gifts or donations and expenses for managing tax affairs and undeducted purchase price of pension or annuity.

Losses Recouped

This item represents deductions allowed in the current year for previous year losses.

Unrecouped Losses

This item represents the balance of losses to be carried forward after deducting the amount recouped in the current year.

Higher Education Contribution Scheme Assessment Debt

For the 1995–96 income year the Higher Education Contribution Scheme (HECS) assessment debt is calculated using the rates shown in the table below.

Taxable Income	HECS Debt
Below $27 674	nil
$27 675–31 449	3% of taxable income
$31 450–44 029	4% of taxable income
$44 030 or more	5% of taxable income

From 1 January 1996, there was an optional 2% repayment level where taxpayers with taxable incomes between $20 000 and $27 674 could make voluntary repayments and attract a 10% discount on the accumulated HECs debt.

Taxable Income

Is the amount remaining after deducting from assessable income all deductions allowed under the Act. Such deductions include all normal business expenses, certain special deductions for expenditure of a capital nature, certain non-business deductions and all prior year losses shown on the return form. Taxable income is the amount to which the tax rates are applied.

Gross Tax

This figure is calculated by applying the general rates of tax to the taxable income of most resident individual taxpayers. However, special rules apply to the taxation of certain categories of individual taxpayers, ie. trustees, primary producers, taxpayers with notional incomes and unmarried minors. Special rules also apply to the tax free threshold where a person first stopped full-time education or became or ceased to be a resident of Australia. Non-residents were taxed at different rates. This item does not include 'Medicare levy'.

Complementary Tax

The amount of tax which is added to ordinary tax when a primary producer's average income exceeds taxable income.

Medicare Levy

Calculated as 1.5% of taxable income for the year and payable by resident taxable individuals and certain trustees. Low income earners and certain other taxpayers were exempt or entitled to a reduction of the levy.

Section 98A(2)

Allows for a deduction from tax assessed to a beneficiary of the amount of tax paid by the trustee. The trustee is assessed under the provisions of Section 98(4) in respect of that beneficiary's share of income.

Total Tax Withheld on Interest and Dividends

Is the sum of TFN amounts shown at item 9 Gross interest label M, item 10 Partnerships and trusts label R and item 17 dividends label V.

Rebate and Credit Items

Spouse Rebate

Amounts of rebate claimed — item 34.

Sole Parent Rebate

Item 35 — Amounts allowed to sole parents (ie. single, widowed or divorced) who had the care of a dependent child or student, but were not entitled to a rebate for a housekeeper, child-housekeeper or spouse. The maximum rebate was $1 165.

Zone and Overseas Rebate

Item 36 — Available to taxpayers who are residents of specified remote areas of Australia comprising two zones, Zone A and Zone B or serving as members of the Defence force in declared overseas localities. The rebate is calculated as a specific amount plus a percentage of dependant rebates (both actual and notional), and housekeeper and sole parent rebates. For 1995–96 the following amounts applied:

Special Zone A&B: $1 173 + 50% of the rebates mentioned above.

Ordinary Zone A:	$338 + 50% of the rebates mentioned above.
Ordinary Zone B:	$57 + 20% of the rebates mentioned above.
Overseas Forces:	Generally the same as Ordinary Zone A rebate.

Rebate for Personal Superannuation Contributions and Annuities

Item 37 — A rebate may be allowable for personal superannuation contributions under certain conditions. A maximum rebate of $100 is available to an employee, based on 10% of maximum rebatable contributions of $1 000 paid to a complying fund. The rebate is income tested, with the maximum rebatable contributions reducing by 25 cents for each dollar of assessable income (not taxable income) of the employee over $27 000 so that eligibility for the rebate is fully phased out when the employee's assessable income is $31 000 or more.

The rebate is calculated as 10% of the lesser of (a) $1 000 reduced by 25 cents for each dollar of the taxpayer's assessable income over $27 000; and (b) the amount of the contribution actually made.

Annuity Rebate

Amounts allowed as a rebate in respect of income received from an Australian superannuation annuity or pension.

Job Search, Newstart and Sickness Allowances, etc. Rebate

Taxpayers who received social security unemployment, sickness or special benefits, formal training allowances or Austudy, Abstudy, Assistance for Isolated Children Scheme (AIC) or Veterans' Children Education Scheme allowances were, depending on their circumstances, allowed a rebate of tax ranging from $49 minimum to $2 546 maximum.

Low Income Rebate

For the 1995–96 income year a rebate applies to low income earners. Those taxpayers with a taxable income of $20 700 or less are entitled to a maximum rebate of $150. The rebate is reduced by 4 cents for each dollar of taxable income above $20 700. No rebate is available on a taxable income of $24 450 or more.

Averaging Rebate

The amount of special averaging rebate which is subtracted from ordinary tax where a primary producer's taxable income exceeds the average income.

Pensioner Rebate

Amounts of rebate allowed to recipients of an Australian social security or Australian service pension which was subject to tax. The rebates will free from tax:

(i) married couples with a combined non-pension income of up to $82 per week — $4 264 in the year

(ii) single rate pensioners with non-pension income of up to $47 per week — $2 444 in the year.

For single-rate pensioners, the maximum rebate was reduced by 12.5 cents for each dollar of taxable income exceeding $11 185 up until taxable income reached $20 441. For married pensioners, the maximum rebate was reduced by 12.5 cents for each dollar of taxable income exceeding $9 425 ($10 870 for married pensioners living apart) up until the taxable income reached $15 865 ($19 622).

Termination Payments Rebate

The rebate ensures that the post 30 June 1983 component is taxed at different rates depending on the age of the taxpayer, the size of the payment and whether the payment comes from a taxable superannuation fund (i.e. taxed), based on the table below:

	Under age 55	Age 55 and over	
		$0–83 168	*Excess over $83 168*
Taxable	20%	nil	15%
Untaxed	30%	15%	30%

(excluding the medicare levy)
(maximum rates only shown)

The rebate also ensures that unused leave payments to which sections 26AC and 26 AD apply, bear tax at no more than 30% plus medicare levy of 1.5%.

Life Assurance Bonus Rebate

Amounts of rebate allowed where bonuses or similar amounts were included in assessable income in respect of a policy issued by a life insurance company which paid tax on the income from which it paid the bonuses, certain State Government Insurance Offices or a friendly society. The rebate is at the rate of 39% except for friendly societies for which the rate is 33%.

Beneficiary Tax Credit Section 100(2)
Deductions from income tax assessed against a beneficiary of the tax paid or payable by a trustee in respect of that beneficiary's interest in the net income of a trust estate.

Primary Imputation Credit (label U)
Item 17 — This item is the sum of credits to which individuals, in their own right, are entitled in respect of franked dividends received.

Total Imputation Credit
Resident individual shareholders, including trustees, are entitled to a rebate of tax on franked dividends received. The rebate reflects the amount of tax paid by the company on its taxable income. This item comprises primary imputation credits received by individuals in their own right and subsidiary imputation credits received by individuals through partnerships and trust estates.

Foreign Tax Credits
Under the foreign tax credit system, the foreign source income derived by Australian resident individuals (apart from certain salary and wages or other remuneration) is subject to Australian income tax. Credit, up to the amount of the Australian income tax referable to the relevant foreign income, is allowed against the Australian tax payable for analogous foreign tax that is paid on the foreign income.

Total Other Rebates
Includes rebates for — net medical expenses over $1 000, on interest from government securities issued before 1 November 1968, invalid relatives, parents and parents-in-law and heritage conservation work.

Total Rebates and Credits
The sum of all rebates and credits allowed in assessments and listed above.

Miscellaneous items

Net Tax
This figure is calculated by deducting from gross tax any rebates (eg. for dependent spouse etc, sole parent, zone/ overseas forces, medical expenses etc.) and any other credits, eg. section 100(2), and adding on any medicare levy. Note that the sum of rebates of tax allowable cannot reduce the amount of Medicare levy payable or exceed the amount of tax otherwise payable (if there is no Medicare levy).

Provisional Tax System
Provisional tax is a system where people make provision for the current year's tax at the same time as they account for the tax on last year's income. Provisional tax is levied on individuals who derive income other than salary or wages of $1 000 or more. Provisional tax may also be payable on certain salary or wage income where there is a balance of tax payable on assessment of $3 000 or more, and there is a shortfall of tax instalments of $3 000 or more. An amount for provisional Medicare levy may also be included in the calculation of provisional tax.

Provisional tax is not generally charged where tax instalment (PAYE) deductions, PPS source deductions and TFN amount deducted on interest and/or dividends exceed 95 % of the net tax payable for the year and provisional tax has not been paid previously.

Lump Sum Provisional Tax Debit
Provisional tax is payable in a single lump sum where the previous year's provisional tax did not exceed $8 000. It is also payable in a single lump sum where a person receives primary production income or where the person is an author, inventor, artist, performer, production associate or sportsperson. Otherwise where the previous year's provisional tax exceeded $8 000 it is payable by instalments under the quarterly provisional tax system (QPT).

Quarterly Provisional Tax (QPT) Debit
Where provisional tax is not payable in a lump sum it is payable by instalments under the quarterly provisional tax system (QPT). The amount tabulated for QPT debit is the amount of estimated provisional tax payable for the following year as shown on the current notice of assessment. Taxpayers on the QPT system can apply for seasonal status if they receive 75% or more of their assessable income after 1 December. Payment is then made in two instalments.

Total Provisional Tax Debit
This item is the total of lump sum provisional tax debit and quarterly provisional tax debit, ie. the amount of provisional tax due in respect of the 1996–97 year.

Provisional Tax Credit
This item is the sum of the amounts of provisional tax credit (ie. credit for amounts of provisional tax debit paid in respect of the 1995–96 income year) allowed in the assessments of individuals.

Late Lodgment Penalty
Additional tax imposed under section 222 of the Income Tax Assessment Act.

Tax Shortfall Penalty
Additional tax imposed under section 226 of the Income Tax Assessment Act.

Amount of Assessment Issued
This item comprises net tax plus the sum of HECS assessment debt, late lodgment penalty and tax shortfall penalty, less provisional tax credit.

Balance Payable/Refundable
This figure is computed by adding on to net tax any amounts for HECS assessment debt, late lodgment and tax shortfall penalties and deducting any amounts for provisional credit, tax instalment deductions, voluntary instalments, tax vouchers and tax stamps, prescribed payments system credits, reportable payments systems credits, TFN and income equalisation withdrawal amounts withheld. If the result is positive it represents balance payable and if the result is negative it represents balance refundable. No account is taken of any other debits or credits.

Total Prescribed Payment (PPS) Credit
This figure is the sum of tax deductions made from gross business income under the prescribed payments system. It includes PPS credit derived by taxpayers in their own right and any share of PPS credit derived by partnerships or trusts which is attributable to the individual partners or beneficiaries.

Total Business Income
Primary Production
Is the sum of amounts shown in returns as gross income from primary production activities.

Other
Is the sum of amounts shown in returns as gross income from business/professional activities other than primary production business.

Total — This item is the sum of the two items 'Total business income — primary production' and 'Total business income — other'.

Expense items

External Labour Costs
This item includes expenses for labour and services provided under contract other than salaries and wages, payments to self-employed people such as consultants and contractors, commissions paid to people not receiving a retainer, agency fees, service fees, management fees and consultant fees.

Superannuation
This item is the total of any allowable superannuation contributions made on behalf of 'eligible employees' or their dependants.

Cost of Sales
This item is the cost of goods sold including freight inwards. Where appropriate it should include any external labour costs if they are charged to the 'Cost of sales' account in the business's normal accounting procedure.

Bad Debts
This item is the bad debt expenses for the year.

Lease Expenses
This item is for expenditure incurred on leasing motor vehicles, plant and equipment. Includes both financial and operating leases, whichever are in the accounts. It does not include the cost of leasing realty.

Rent Expenses
This item is for expenditure incurred as a tenant on rental land and buildings used in the production of income and includes lease costs.

Total Interest Expenses
This item includes interest incurred on money borrowed within Australia and overseas to acquire income-producing assets (excluding interest expenses against rental income), to finance business operations or to meet current business expenses.

Depreciation Expenses
This item is for amounts of depreciation claimed. A deduction for depreciation is allowable where plant and articles are owned during the financial year and available to be used to produce assessable income.

Motor Vehicle Expenses
This item is for motor vehicle running expenses incurred in the course of deriving assessable

income. It includes fuel, repairs, registration fees and insurance premiums. It excludes depreciation, finance leasing charges and interest paid in respect of motor vehicles. Expenses may be calculated using one of four methods available.

Repairs and Maintenance
This item is for amounts of expenditure on repairs to property, plant, machinery, implements and premises associated with the production of assessable income. The cost of motor vehicle repairs is excluded from this item.

All Other Expenses
Includes the total of all other expenses not included at the previous expense items. Includes expenses for evaluating the environmental impact of an income producing project, expenses for environment protection, total royalty expenses and insurance expenses.

Total Expenses
This is the total of all expense items listed above.

Investment Allowance
This item comprises 10% of the capital cost of acquiring or constructing new items of plant which cost $3 000 or more and qualify for the general investment allowance.

Reconciliation Adjustment
This is the amount shown against this item.

Other items

Opening Stock
This item is the total value of all trading stock on hand at the beginning of the year.

Closing Stock
This item is the total value of all trading stock on hand at the end of the year.

Trade Debtors
Amounts shown at Label V, item 52.

Trade Creditors
Amounts shown at Label W, item 53.

Total Salary and Wage Expenses
This item is the amount of salaries and wages paid or payable to people employed in the business. It does not include expenses forming part of capital expenditure or private domestic help. It includes payments of salary and wages to associated persons.

Payments to Associated Persons
This item comprises the total of any payments, including salary and wages, allowances or superannuation contributions made to 'associated persons'. Associated persons include relatives and partners in a partnership. Amounts of salary or wages paid to associated persons are included both here and in 'Total salary and wage expenses'.

Depreciable Assets Purchased During the Year
This item includes the value of any depreciable assets purchased during the income year. Profit realised on the sale of depreciable assets is added to 'Total business income', or used as a balancing charge to reduce the value of assets subject to depreciation.

Depreciable Assets Disposed of During the Year
This item includes the value of any depreciable assets sold, lost or destroyed during the income year. It is to include the written down value or the amount received, whichever is the smaller amount.

Gross Prescribed Payments System (PPS) Income
The gross amount of business income which has been subject to deductions of tax under the Prescribed Payments System (PPS). It includes PPS income from which tax has not been deducted, but does not include PPS income included in a partnership/trust distribution for which the taxpayer is entitled to a subsidiary credit.

Gross Reportable Payments System (RPS) Income
The gross amount of RPS income derived directly by the business including any amounts of tax deducted. Does not include any RPS payments distributed from partnerships or trusts.

Overseas Interest Expenses
This item comprises interest incurred on money borrowed from overseas sources to acquire income producing assets, to finance business operations or to meet current business expenses.

Land Degradation Expenses
This item is for deductions claimed for expenditure incurred in preventing land degradation. The deduction is allowable for all primary production business on or after 1 October 1980, and after 21 August 1990 for non-primary production rural business earning income from the land. The deductions are to be reduced by the amount that a government or other source will reimburse the taxpayer.

Companies

Coverage, Compilation and Description of Items

Coverage

The statistics contained in the tables were compiled from company returns for the 1995–96 income year (or substituted accounting period) that were processed in the period 1 July 1996 to 30 September 1997.

The statistics for non-taxables include non-trading, nil returns, ie. returns of companies which had no income, expenditure, trading stock or asset items present.

Notes

0 indicates that the amount tabulated for the item is zero or has been rounded to zero.

Rounding may cause totals to differ from the sum of components.

Compilation

Company returns were lodged either electronically or in paper form. A facsimile of the return form used can be found in Appendix 1. Statistics for most of the items shown on the return form are included in the tables.

Description of Items

Industry Coding

The allocation of a return to a particular industry was based on the Australian and New Zealand Standard Industrial Classification (ANZSIC) four digit code to which has been added a 5th digit to enable the Australian Taxation Office to identify specific industries not identifiable under ANZSIC.

For companies, the industry was determined by the major source of gross income.

Type of Company

Private company

In broad terms a private company is one in which the shares are not quoted on a stock exchange, and which is capable of being controlled by a relatively few individuals. A subsidiary of a public company is not classed as a private company.

Non-profit Company

A non-profit company is a company which is not carried on for the purpose of profit or gain to its individual members. The terms of the memorandum or articles of association, rules or other documents constituting the company or governing its activities, must prohibit it from making any distribution in money, property or otherwise to its members.

Co-operative Company

Broadly, a co-operative company is one in which the number of shares held by one person is limited, the shares are not quoted on a stock exchange and the business is carried on primarily for one or more of the following purposes:

(a) the acquisition of commodities or animals for disposal or distribution among its shareholders;

(b) the acquisition of commodities or animals from its shareholders for disposal or distribution;

(c) the storage, marketing, packaging or processing of commodities of its shareholders;

(d) the rendering of services to its shareholders;

(e) the obtaining of funds from shareholders for the purpose of making loans to its shareholders to enable them to acquire land or buildings to be used for the purpose of residence or of residence and business.

Registered Organisation

This can include an association registered under a law of a State or Territory as a trade union; a society registered under a law of a State or Territory providing for the registration of friendly or benefit societies; and an association of employees that is an organisation within the meaning of the Industrial Relations Act 1988.

Pooled Development Fund

A pooled development fund (PDF) is a company that is registered as a PDF and provides development capital to small and medium companies.

Strata Title Bodies Corporate

These are treated as public companies under tax law.

Public Company
The term 'public company' as generally used in the tables refers to those not included in the above six categories.

Number
Refers to the number of company returns processed (taxable or non-taxable) included in the table. A return is considered 'taxable' when net tax, ie. gross tax less rebates and credits, is charged; otherwise a return is 'non-taxable'.

Resident
A resident company is one which is incorporated in Australia, or which, not being incorporated in Australia, carries on business in Australia, and has either its central management and control in Australia, or its voting power controlled by shareholders who are residents of Australia.

Statistics of Companies
Since the introduction of self assessment for companies the statistical items tabulated are those recorded on the company return forms by the persons preparing those returns. The return form instructions contain directions on what is to be included in each item on the return form and these are set out in an edited form below.

Calculation Statement

Taxable Income (label A)
This item comprises the assessable income derived from all sources less allowable deductions incurred in gaining that income. It should take into account any concessions or adjustments allowable for income tax purposes. If the company incurred an overall loss, the company should show '0' at label A.

The amount of taxable income should also be shown under the 'Reconciliation to Taxable Income/Loss' heading on the information statement at 'Taxable Income' (label J) on page 2 of the return form. Where the amount is a loss the actual amount of loss is to be shown at label J and L shown in the box after the amount.

Non-refundable Rebates and Credits (label F)
This item is the sum of labels C, D, E and P, foreign tax credits, rebates, franking deficit tax offset and deficit deferral tax offset.

Tax payable (Net tax)
This item is the amount of gross tax less non-refundable rebates and credits (Label F) above.

Refundable Credits (label K)
This item is the sum of PPS credits (label I), RPS credits (label O), early payment interest credits (label N) and other refundable credits (label J).

Information Statement

The amounts recorded on the information statement for the 'Income', 'Expenses', 'Financial Information' and 'Other Information' items should be the amounts which are recorded in the company's accounts in accordance with generally accepted accounting principles.

In order to arrive at the taxable income amount, the 'Reconciliation to Taxable Income/Loss' items are completed so as to reconcile the differences between pre-tax accounting profit/loss and extraordinary items shown in the company's financial statements and taxable income.

Income

All income figures shown at labels G to F on the return form are taken directly from the company's financial statements.

Sales of Goods and Services (label G)
This item includes gross sales of trading stock including wool, produce and livestock, manufactured goods, goods taken ex-stock, and service income.

Note: Previously, sales of goods and services was in the Financial Information block. However, in 1996 it was moved to the income part of the return. A comparison of 1995 and 1996 data shows that this has resulted in sales of goods and services being understated and other gross income being overstated by a similar amount.

Income or Loss from Partnership or Trust (label A)
This item is the distributions received by the company from partnerships and trusts. If this figure is a loss, L is shown in the box after the amount at label A.

Gross Rents, Leasing and Hiring (label B)
This item is the income from rents (being income from land and buildings) leasing and hiring.

Gross Interest (label C)
This item is the total interest received from all sources including interest received from or credited by an associated entity.

Gross Dividends (label D)
This item is the income received from gross dividends (franked and unfranked), foreign source dividends, bonus shares, liquidator's and other company distributions.

Note: Imputation credits are not included in the assessable income of most companies. Companies that have to include the amount of imputation credit attached to franked dividends received are life assurance companies and registered organisations (ie. friendly societies, trade unions and employee associations).

Other Gross Income (label E)
This is total revenue, including royalties, insurance recoveries, subsidies, employee contributions for fringe benefits tax and government assistance from all sources, derived from business activities of the company excluding any amounts included at the above items. See note under sale of goods and services (label G) above.

Total Income (label F)
This item is the sum of labels G to E.

Expenses

All expense figures shown at labels G to U on return form are taken directly from the company's financial statements.

External Labour Costs (label G)
This item is for payments for labour and services provided under contract other than those in the nature of salaries and wages. It includes payment to self-employed persons such as consultants and contractors and commissions paid to people not receiving a retainer. Other components would include agency fees, service fees, management fees and consultant fees.

Superannuation (label H)
This item is the amount of superannuation payments made by employers. Employers are entitled to a deduction for contributions made in the year of income to a superannuation, provident, benefit or retirement fund for the benefit of 'eligible employees' or their dependants. The purpose of the contributions must be to make provision for individual personal benefits, pensions or retiring allowances. There are certain conditions which may limit the allowing of a deduction.

Cost of Sales (label I)
This item represents the cost of anything produced, manufactured, acquired or purchased for the purpose of manufacture, sale or exchange in deriving the gross proceeds or earnings of the business.

Bad Debts (label J)
This item is the bad debts expense for the year.

Lease Expenses within Australia (label K)
This item is the expenditure incurred on leasing equipment, plant and motor vehicles from Australian residents.

Lease Expenses Overseas (label W)
This item is as for label K above, but expenditure on items from non-residents.

Rent Expenses (Label L)
This item is expenditure incurred as a tenant on rental of land and buildings.

Interest Expenses (label M) — within Australia
This item is the interest incurred on money borrowed, from Australian sources.

Interest Expenses (label N) — Overseas
This item is the interest incurred on money borrowed, from overseas sources.

Royalty Expenses (label O) — within Australia
This item is the royalty expenses paid during the year to residents of Australia.

Royalty Expenses (label P) — Overseas
This item is the royalty expenses paid during the year to non-residents.

Depreciation Expenses (label Q)
This item is for the company's book depreciation expense incurred in respect of the company's assets.

Motor Vehicle Expenses (label R)
This item is for all motor vehicle operating expenses incurred by the company.

Repairs and Maintenance (label S)
This item is for expenditure incurred on repairs and maintenance of plant, machinery, implements and premises.

All Other Expenses (label T)
This item is the total of all other expenses incurred by the company in deriving its operating profit/loss, not included at labels G to S.

Total Expenses (label U)
This item is the total of all expense items shown at labels G to T.

Operating Profit or Loss (Label X)
This item is 'Total Income' (Label F) less 'Total Expenses' (Label U).

Extraordinary items (Label Y)
This item covers revenue and expenses (gains and losses) which are from events outside the ordinary operations of the company and not of a recurring nature.

Total Profit or Loss (Label V)
This item is the operating profit or loss plus or minus extraordinary items.

Reconciliation to Taxable income/loss

Net Capital Gains (label A)
This item is the amount of net capital gain for tax purposes. Any capital loss applied to arrive at the net capital gain figure is shown at 'Capital Losses Applied' (label M under the 'Other Information' heading).

Special Building Write-off (label D)
This item is the deduction for capital expenditure on special buildings. It includes the deduction for eligible capital expenditure on extensions, alterations or improvements but excludes mining infrastructure buildings and timber milling buildings.

Investment Allowance (Label H)
This item is the amount claimed as a deduction under this label. The general investment allowance is available as a deduction of 10% of the capital cost of acquiring or constructing certain new items of plant and equipment. Certain conditions must be met before the deduction is allowed. This item includes amounts claimed under the Drought Investment Allowance.

Development Allowance (Label L)
Amounts claimed by companies or partnerships which have received a pre-qualification certificate.

Non-Syndicated Research and Development (Label I)
This item is the amount shown as a deduction under this label.

Syndicated Research and Development (Label M)
The company's share of R&D and core technology expenditure claimed as a deduction by a syndicate.

Other Subtraction items (label E)
Includes those items to be subtracted from the total profit or loss in order to reconcile with the taxable income or loss.

Losses Recouped (label N)
This item is for the losses brought forward from previous years that have been applied in deriving taxable income for the current year but excludes capital losses and other specifically quarantined losses.

Losses Transferred In (label G)
Losses transferred from a related company under section 80G are offset first against the company's net exempt income and then against its assessable income.

Losses Transferred Out (Label K)
Losses of the company transferred to related companies for the year of income under section 80G.

Total Losses Carried Forward (Label F)
This item is the amount of tax losses carried forward to 1997.

Financial Information

All financial statement statistics figures shown at labels B to J on the return form are taken directly from the company's financial statements.

Opening Stock (label B)
This item is the total value of all trading stock on hand at the beginning of the year of income.

Closing Stock (label C)
This item is the total value of all trading stock on hand at the end of the year of income.

Trade Debtors (label D)
This item is the amounts owing the the company for goods and services provided during the year of income, that is current trade and other debtors.

All Current Assets (label E)
This item includes cash on hand, accounts receivable, short term bills receivable, inventories and cash at bank.

Total Assets (label F)
This item is for all assets of companies including current, fixed, tangible and intangible assets.

Trade Creditors (label G)
This item is for total amounts owed by the company at year end for goods and services provided.

All Current Liabilities (label H)
This item is total obligations payable by the companies within the following year.

Total Liabilities (label I)
This item is for all liabilities of the company including deferred liabilities such as loans secured by mortgage and long term loans.

Shareholders' Funds (label J)
This item is net shareholders' funds as per accounting records.

Other Information

Total Salary and Wage Expenses (label A)
This item is for total salaries, wages and other labour costs including directors' remuneration, incurred in respect of employees. It also includes any salaries and wages component of 'Cost of sales'.

Gross Prescribed Payments System (PPS) Income (label C)
This item is gross income derived by companies to which the Prescribed Payments System (PPS) applies. It includes only PPS income derived directly by companies and not any distributed from partnerships or trusts.

Gross Reportable Payments System (RPS) Income (label G)
This item is gross income derived by companies to which the Reportable Payments System (RPS) applies. It includes only RPS income derived directly by companies and not any distributed from partnerships or trusts.

Dividends Paid (Label D — Franked, Label E — Unfranked)
This item is for dividends paid and amounts deemed to be dividends by various sections of the Income Tax Assessment Act.

Payments to Associated Persons (label F)
This item is any amounts for salaries, wages, commissions, superannuation contributions or allowances paid by private companies to associated persons.

Depreciable Assets Purchased (label H)
This item is the value for income tax depreciation purposes, of all depreciable assets other than buildings, brought into use and first depreciated during the income year for the purpose of producing assessable income. It includes purchases of plant and equipment for approved research and development projects but excludes purchases of buildings used to produce assessable income, purchases of buildings used for approved research and development projects and purchases of assets used to produce exempt income.

Depreciable Assets Sold (label I)
This item is the value of assets, for which depreciation is allowed for income tax purposes, which were disposed of, lost or destroyed during the year. The value shown is to be the lesser of the written down value at the date of disposal or the consideration received. It includes sale of plant used in approved research and development projects but excludes sale of buildings used to produce assessable income, sale of buildings used for approved research and development projects and sale of assets used to produce exempt income.

Any profit (ie. any excess of consideration received over the written down value) made on the disposal of depreciable assets is to be included in 'Other Addback Items' label B under the 'Reconciliation to Taxable Income or Loss' heading unless an election is made to treat it as a balancing charge against other depreciable assets.

Any tax loss realised on the disposal of depreciable assets is to be included in 'Other

subtraction items' label E under the 'Reconciliation to Taxable Income or Loss' heading not at 'Depreciation deducted' label C under that heading.

Net Foreign Income (label J)

This item is the assessable income derived by companies from foreign sources (including foreign source capital gains but excluding attributed foreign income and capital losses) net of expenses. Foreign source losses are offset only against foreign source income. Any excess of foreign source losses over foreign source income may be carried forward to be offset against future foreign source income.

Attributed Foreign Income

Label K — Listed country
Label Y — Unlisted Country
Label B — Transferor Trust
Label Z — Foreign Investment Fund Income
Label R — Foreign Life Policy

Capital Losses Applied (label M)

The amount of capital losses applied in the current year against capital gains when calculating the item 'Net Capital Gains' (label A) under the 'Reconciliation to taxable income or loss' heading.

Capital Losses Carried Forward (label V)

The amount of capital losses that have not been offset against capital gains are taken into account in calculating the net capital loss for the year. This net capital loss can be used to offset future capital gains.

Land Degradation Expenses (label N)

This item is for deductions claimed for expenditure incurred in preventing land degradation. The deduction is allowable for all primary production business on or after 1 October 1980, and after 21 August 1990 for non-primary production rural business earning income from the land.

Currency Gain or Loss (Label L)

This item is for capital gains or losses realised due to foreign exchange fluctuations for borrowings or loans, delayed payments for acquisition of assets, delayed receipts for sales of assets and instalment purchase arrangements.

Partnerships and Trusts

Coverage, Compilation and Description of Items

Coverage

The statistics contained in the tables were compiled from 1995–96 income year partnership and trust returns that were processed in the period 1 July 1996 to 18 September 1997.

Notes

0 indicates that the amount tabulated for the item is zero or has been rounded to zero.
Rounding may cause totals to differ from the sum of components.

Compilation

Partnership and trust returns were lodged either electronically or in paper form. Facsimiles of the return forms used can be found in Appendix 1. Statistics for most of the items shown on the return forms are included in the tables.

Description of Items

Partnership and Trust Statistics

Since the introduction of self assessment for partnerships and trusts the statistical items tabulated are those recorded on the return forms by the persons preparing those returns. The return form instructions contain directions on what is to be included in each item on the return form and these are set out in an edited form below.

Industry Coding

The allocation of a return to a particular industry was based on the Australian and New Zealand Standard Industrial Classification (ANZSIC) four digit code to which has been added a 5th digit to enable the Australian Taxation Office to identify specific industries not identifiable under ANZSIC.

Returns were coded as follows:

Property Income Recipients
Returns with income from investment property received directly and with no income/loss from a business or another partnership or trust.

Subsidiary Returns
Returns with no direct business income or loss but with income from another partnership or trust were coded as either 'primary production subsidiary' or 'other subsidiary' depending on the major source of income.

Other Industries
Returns with direct business income were coded to the industry from which they derived the greatest gross income.

Number of Partnerships/Trusts
Refers to the number of partnerships and/or trusts included in the table.

Total Business Income
Primary Production
Is the sum of amounts shown in returns as gross income from primary production activities.

Other
Is the sum of amounts shown in returns as gross income from business/professional activities other than primary production business.

Total — This item is the sum of the two items 'Total business income — primary production' and 'Total business income — other'.

Expense items

External Labour Costs (label C)
This item includes expenses for labour and services provided under contract other than salaries and wages, payments to self-employed people such as consultants and contractors, commissions paid to people not receiving a retainer, agency fees, service fees, management fees and consultant fees.

Superannuation Deductions (label D)
This item is the total of any allowable superannuation contributions made on behalf of 'eligible employees' or their dependants.

Cost of Sales (label E)
This item is the cost of goods sold including freight inwards. Where appropriate it should include any external labour costs if they are charged to the 'Cost of sales' account in the business's normal accounting procedure.

Bad Debts (label F)
This item is the bad debt expenses for the year.

Lease Expenses (label G)
Deductions allowed for expenditure incurred in leasing plant, equipment, motor vehicles, etc., used in the taxpayer's business. It does not include payments in respect of land and buildings.

Rent Expenses (label H)
This item is for expenditure incurred as a tenant on rental land and buildings used in the production of income and includes lease costs.

Total Interest Expenses (label I)
This item includes interest incurred on money borrowed within Australia and overseas to acquire income-producing assets (excluding interest expenses against rental income), to finance business operations or to meet current business expenses.

Total Royalty Expenses (label J)
Royalty expenses for the year and includes royalties paid to residents and non-residents.

Depreciation Expenses (label K)
These are the business book depreciation expenses for the business depreciable assets.

Motor Vehicle Expenses (label L)
Motor vehicle running expenses incurred in deriving assessable income. Includes fuel, repairs, registration fees, and insurance premiums.

Repairs and Maintenance (label M)
Expenditure incurred on repairs and maintenance of plant, machinery, implements and premises associated with the production of income.

All Other Expenses (label N)
The total of all other expenses not included at Labels C to M, incurred in deriving operating profit or loss and not already included at labels C to M.

Total Expenses (label O)
The total of all expense items shown at item 3 labels C to N.

Investment Allowance (label U)
This item comprises 10% of the capital cost of acquiring or constructing new items of plant which

qualify for the general investment allowance. This item includes amounts claimed under the Drought Investment Allowance.

Reconciliation adjustment (label P)

This item reconciles operating profit or loss as shown in the profit or loss account with the taxable income or loss.

Net Business Income

Primary Production (label Q)
This item is the amount of income (or loss) from primary production business activities after deduction of relevant business deductions.

Other (label R)
This is the amount of business income (or loss), other than primary production business income (or loss), after deduction of relevant business deductions.

Total (label S)
The sum of amounts for primary production and other.

PPS Credit (label T)

Total of amounts of tax deducted from prescribed payments made to the partnership or trust.

PPS Credit Subsidiary (label C)

This represents the amount of credit for tax deducted on prescribed payment income received from another partnership or trust.

Distribution from Partnerships and Trusts

Primary Production
This item is the sum of amounts shown as primary production income (or loss) received from another partnership or trust.

Other
The sum of amounts, received from another partnership or trust, other than amounts of primary production income.

Total
This item is the sum of the previous two items. Standard distributions from public unit trusts are included.

Deductions from Partnerships and Trusts

Primary Production
This item is the sum of expenses incurred in gaining primary production income from another partnership or trust.

Other
Sum of expenses incurred in gaining non-primary production income from a partnership or trust.

Total
This item is the sum of the previous two items, primary production deductions and other deductions.

Gross Rents (label F)

This item is the total amount of rent and premiums returned.

Rental Deductions — Interest (label G)

Total interest expenses incurred in earning rental income.

Rental Deductions — Other (label H)

Total of other deductible expenses incurred in earning rental income.

Rental Deductions — Total

Sum of labels G and H above.

Net Rents

Profit — Where gross rents less total rental deductions results in a positive amount.

Loss — Where gross rents less total rental deductions results in a negative amount.

Total — Gross rents less rental deductions.

Gross Interest (label J)

This is the total of amount shown as interest. It includes interest from banks, building societies, credit unions, personal loans, Commonwealth Government loans, state authorities, debentures, and it includes any interest paid by the Tax Office on overpaid tax.

Gross Franked Dividends Received (label L)

This item consists of dividends and other distributions paid by resident companies including corporate unit trusts and public trading trusts, which have paid sufficient Australian tax for the dividends to carry a rebate entitlement for resident shareholders. These dividends are known as franked dividends.

Gross Dividends Received — Total

This item consists of amounts returned as franked and unfranked dividends received or credited during the year. It does not include exempt dividends.

Primary Imputation Credits
This item is the sum of credits to which partnerships or trusts, in their own right, are entitled in respect of franked dividends received.

Subsidiary Imputation Credits
This item is the sum of credits which partnerships or trusts are entitled to in respect of franked dividends received through partnerships or trusts.

Other Australian Income
This item consists of amounts shown at Item 11 'Other Australian income' label O on return forms.

Deductions Relating to Australian Investment Income
Amounts shown at label P, item 13.

Other Deductions
Amounts shown at label Q, item 14. This item consists of amounts of expenditure having an Australian source (other than expenditure directly attributable to business, property or income from other partnerships and trusts) claimed at this label. Generally it would include such expenditure as gifts, subscriptions and tax related expenses including tax agents fees.

Net Australian Income
Is the total of all assessable income from Australian sources (ie. the gross income according to ordinary concepts plus all other items specifically made assessable other than capital gains) less the total deductions for expenses incurred in gaining that income.

Net Capital Gains (Trusts Only)
This item is the amount of any real capital gain (ie. allowing for inflation) made on the disposal of non-exempt assets acquired after 19 September 1985. A net capital loss in the previous year will carry forward to reduce the subsequent year liability.

Capital Losses Applied (Trusts Only)
This is the amount of current and any previous year losses carried forward that have been used to offset any capital gain received in the current year.

Capital Losses Carried Forward (Trusts Only)
This is the amount of capital losses that have not been offset against capital gains. This amount is taken into account in working out the net capital loss for the year. This net capital loss can be used to offset future capital gains.

Attributed Foreign Income
Label U — Listed country.
Label X — Unlisted country.
Label Y — Foreign investment fund/foreign life assurance policy.

General Net Foreign Source Income (label V)
Amounts shown at this label.

Total Net Income
Item 21 — The sum of items representing net Australian income, net capital gains (trusts only), attributed foreign income and general net foreign source income.

Other items

Opening Stock (label C)
Item 25 — This item is the total value of all trading stock on hand at the beginning of the year.

Closing Stock (label D)
Item 26 — This item is the total value of all trading stock on hand at the end of the year.

Trade debtors (label E)
This item is the total of amounts owing to the business at year end for goods and services provided during the year of income, that is, current trade debtors and other debtors.

All Current Assets (label F)
This item is the total of amounts which are in cash form or are likely to be converted to cash or used up in the business within the income year. It includes cash on hand, accounts receivable, short term bills receivable, inventories, cash at bank and trade debtors.

Total Assets (label G)
This item is the total assets of the business, including all current, fixed, tangible and intangible assets.

Trade Creditors (label H)
This item is for all amounts owed by the business at year end for goods and services provided during the year of income, that is, current trade and other creditors.

All Current Liabilities (label I)
This item is for amounts in respect of total obligations payable by the business within the income year and includes trade creditors.

Total Liabilities (label J)
This item is for all liabilities of the business, including deferred liabilities such as loans secured by mortgage, long term loans and all current liabilities.

Proprietors' Funds (label K)
This item is the amount of net proprietors funds as per accounting records. Total assets less total liabilities should equal the amount shown at this label.

Total Salary and Wage Expenses (label L)
Item 34 — This item is the amount of salaries and wages paid or payable to people employed in the business. It does not include expenses forming part of capital expenditure or private domestic help. It includes payments of salary and wages to associated persons.

Payments to Associated Persons (label M)
Amounts, including salaries, wages, commissions, superannuation contributions or allowances, paid to a relative, to a partnership in which a relative is a partner or to a domestic. Amounts of salary or wages paid to associated persons are included both here and in 'Total salary and wage expenses'.

Depreciable Assets Purchased During the Year (label N)
This item includes the value of any depreciable assets purchased during the income year. Profit realised on the sale of depreciable assets is added to 'Total business income', or used as a balancing charge to reduce the value of assets subject to depreciation.

Depreciable Assets Disposed of During the Year (label O)
This item includes the value of any depreciable assets sold, lost or destroyed during the income year. It is to include the written down value or the amount received, whichever is the smaller amount.

Gross Prescribed Payments System (PPS) Income (label P)
Gross income derived by the business to which the Prescribed Payments System (PPS) applies. Includes only PPS income derived directly by the partnership or trust, not any distributed from partnerships or trusts.

Gross Reportable Payments System (RPS) Income (label T)
Gross income derived by the business to which the Reportable Payments System (RPS) applies. Includes only RPS income derived directly by the partnership or trust, not any distributed from other partnerships or trusts.

Overseas Interest Expenses (label Q)
Interest incurred on money borrowed from overseas, to acquire income producing assets, to finance business operations or to meet current business expenses. This amount is also included at 'Total interest expenses'.

Overseas Royalty Expenses (label R)
Overseas royalty expenses incurred during the year. This amount is also included at 'Total royalty expenses'.

Land Degradation Expenses (Trusts Only) (label S)
This item is for deductions claimed for expenditure incurred in preventing land degradation. The deduction is allowable for all primary production business on or after 1 October 1980, and after 21 August 1990 for non-primary production rural business earning income from the land. For expenditure incurred by partnerships, the partners should claim their share of the expenditure in their individual returns.

Funds

Coverage, Compilation and Description of Items

Coverage

The statistics contained in the tables were compiled from 1995–96 income year (or substituted accounting period) superannuation fund, approved deposit fund and pooled superannuation trust returns processed in the period 1 July 1996 to 11 September 1997. Statistics for life assurance companies and registered organisations period) are not included in the tables (see below).

Notes

0 indicates that the amount tabulated for the item is zero or has been rounded to zero.
Rounding may cause totals to differ from the sum of the components.

Compilation

Superannuation fund returns were lodged either electronically or in paper form. A facsimile of the return form can be found in Appendix 1. Statistics for most of the items shown on the return form are included in the tables.

Superannuation Business of Life Assurance Companies and Registered Organisations

The income and expenses for the superannuation fund business returned by life assurance companies and registered organisations are included in their company tax return and detailed statistics are not recorded separately.

Description of Items

Number

Refers to the number of returns processed (taxable and non-taxable) included in the table. A return is considered 'taxable' when net tax, ie. gross tax less rebates and credits is charged; otherwise a return is 'non-taxable'.

Statistics of Superannuation Funds

Since the introduction of self assessment for superannuation funds the statistical items tabulated are those recorded on the fund return forms by the persons preparing those returns. The return form instructions contain directions on what is to be included in each item on the return form and these are set out in an edited form below.

Calculation Statement

Taxable Income (label A)

This item shows the total of assessable income received from all sources less expenses incurred in gaining that income. This figure takes into account any concessions or adjustments allowable for income tax purposes. If the fund incurred an overall loss '0' is to be shown at this item.

Gross Tax (label B)

This item is the amount of tax payable before the allowance of any rebates and credits.

Total Rebates and Credits Applied (label E)

This item is the sum of labels C and D.

Foreign Tax Credits (label C)

This item is the amount to be claimed at label C of the Calculation Statement and is the lesser of the foreign tax paid or the Australian tax payable.

Rebates (label D)

This item is the actual rebates available, and not the amounts giving rise to that rebate.

Where an amount of franked dividends has been included at the 'Gross dividends' item, the amount of any imputation credit attached to such dividends is to be included at the 'Rebates' item. This item also includes any rebate applicable to interest received from Commonwealth bonds issued prior to 1 November 1968.

Tax Assessed (Net tax)

This item is the amount of gross tax less total rebates and credits.

Income

Net Capital Gains (label A)

This item shows the net capital gains returned by funds at this label.

Gross Rent (label B)

This item shows the gross rental income received by funds during the year of income.

Gross Interest (label C)

This item shows the total amount of gross interest on investments received by funds for the year of income.

Gross Dividends (label D)

This item is the total of franked and unfranked dividends and any imputation credit. The amount of any imputation credit attached to franked dividends is also included in the 'Rebates' label on page 1 of the return form.

The total of dividends received and the imputation credit is included in the fund's assessable income to determine the fund's net income or loss. Imputation credits are permitted to be offset against the tax on all taxable income of a fund including taxable contributions and capital gains. However, unused imputation credits cannot be carried forward because they are treated as rebates.

Net Foreign Income (label E)

This item is the amount of assessable income from foreign sources (including attributed foreign income but excluding foreign source capital gains and capital losses) net of expenses. As with domestic capital losses, foreign source capital losses are quarantined. Foreign source income losses are also quarantined and can only be claimed against foreign source income of the same class.

Gross Taxable Contributions

Certain taxable contributions (of both complying and non-complying funds) are included as assessable income of the entity. Generally the liability for tax on contributions lies with the trustee of the entity receiving the contributions. Deductions are generally allowed for expenses incurred in deriving taxable contributions. Deductions for expenditure incurred by the fund are not reduced because of the receipt of non-taxable contributions (eg. non-deductible employee contributions).

Employer Contributions (label F)

This item is employer contributions made to a superannuation fund by an employer to provide benefits for employees. These contributions are assessable to the fund and include:

(i) Deductible contributions paid by an employer to a superannuation fund;

(ii) Deductible amounts paid under a superannuation agreement which is ratified by an industrial tribunal (eg. a contribution made under a productivity agreement);

(iii) Amounts paid by an exempt entity; and

(iv) The untaxed element of the post 30 June 1983 component of a rolled-over eligible termination payment (ETP) paid to a fund (eg. golden handshakes, etc.) — known as the specified roll-over amount.

Employee/Depositor Contributions (label G)

This item is employee/ depositor contributions made to a superannuation fund (eg. a personal fund) that generally are deductible to the employee/ depositor. These amounts are included in the assessable income of a complying fund. For 1994–95 the maximum amount which a depositor may claim a deduction for (excluding any part of a rolled-over ETP) is the lesser of:

(i) $3,000 plus 75% of contributions in excess of $3,000; and

(ii) The depositor's maximum deductible contributions for the year of income.

The trustee is to treat employee/depositor contributions as taxable only if the employee/depositor or an 'approved person', gives the trustee a notice stating that they are intending to claim a deduction for their contributions.

Net Excessive Private Company Dividends and Other Excessive Non-arms Length Income (label H)

This item is the net amount where a superannuation fund has received income from a transaction between parties not at arms-length.

Sections 288A and 288B Net Previous Income (label K)

This amount is included in the fund's assessable income for the current year and taxed at 47%.

Other Income (label I)

This item includes the net amount of any income received which does not fall into any of the other categories. Rebates or the refund of a premium for death and disablement cover received by a complying superannuation fund which has been (in whole or in part) allowed as a deduction or is

allowable as a deduction is treated as assessable income of the fund.

Total (label J)

This item is the sum of labels A to I.

Less

Interest Expenses — Within Australia (label A)

This item is interest incurred on money borrowed, from Australian sources, to acquire income producing assets, to finance operations or to meet current expenses.

Interest Expenses — Overseas (label B)

This item is interest incurred on money borrowed, from overseas sources, to acquire income producing assets, to finance business operations or to meet current business expenses.

Other Deductions (label C)

Included at this item are deductions relating to various gross income amounts shown. Interest expenses shown at labels A and B above are excluded. Expenses incurred in deriving assessable income or necessarily incurred in carrying on a business generally will be allowable deductions.

Transfer of Taxable Contributions (label D)

A complying fund (transferor) may transfer its contributions tax liability to any PST, life assurance company or registered organisation (transferee) in which it has an investment. The transferee must agree to the transfer and the amount of taxable contributions transferred should be shown at the 'Transfer of taxable contributions' item, and again at question 6 on page 2 of the return form. The amount transferred cannot exceed the total taxable contributions paid to the transferor in that year and is further limited to an amount calculated by reference to the highest value of the fund's investment in the transferee in the year of income concerned.

Where a complying fund (transferor) has transferred its contributions tax liability to a PST, life assurance company or registered organisation (transferee), the transferee includes in its assessable income the amount which was transferred. This is shown at the "Gross taxable contributions — employee/ depositor' item (label G). The transferor shows the gross amount of contributions at the appropriate labels, and then claims the amount of any taxable contributions transferred at the 'Transfer of taxable contributions' item.

Losses Recouped (label E)

This item is for the losses brought forward from previous years that have been applied in deriving taxable income for the current year but excludes capital losses and other specifically quarantined losses.

Exempt Current Pension Income (label F)

Provision has been made to exempt from the normal assessable income of a complying superannuation fund or PST, income that is attributable to the liability of the fund or trust to pay current pensions. Normal assessable income of a complying fund is income other than certain non-arm's length income and taxable contributions.

There are two methods by which the trustee of a fund can determine the exempt income to be included at the 'Exempt current pension income' item on the return form, either method or both may be used depending on the circumstances. The first method is where the fund segregates its assets so that the income can be identified as derived from the 'segregated pension assets' to provide for current pension liabilities — that income is the exempt income.

The second method is where the fund's income is derived from assets that are not segregated between current and non-current pension liabilities, the exempt portion is to be calculated as the ratio of unsegregated current pension liabilities to total unsegregated superannuation liabilities. For both methods the 'average liabilities' of a fund in a particular year are to be used.

Exempt Section 290A Income (label G)

A continuously complying fixed interest Approved Deposit Fund may be exempt on part of its taxable income. The exempted income is that part of the ADF's normal assessable income (ie. income other than taxable contributions and certain non-arms length income) attributable to amounts held on deposit, including accumulated earnings, at 25 May 1988 for certain eligible depositors.

Total Deductions

This item is the sum of items A to G.

Losses carried forward (label I)

The amount included at this label is the sum of all losses available to be carried forward and offset against future income.

Other

Total investments (label J)

This item shows the total value of all assets including items such as life policies, units held in Pooled Superannuation Trusts (PSTs) and assets funding current pension liabilities at the balance date. Where the value of life policies is not known, the total of contributions to date is included.

Capital losses applied (label L)

Where a current year capital loss or a prior year quarantined capital loss has been applied against capital gains in the current year to derive net capital gains-labelA, include at this item the capital loss so applied. This is a statistical item, and is not used in the calculation of taxable income except as an offset of gross capital gains to derive the net capital gains figure.

Capital losses carried forward (label U)

This item shows the amount of current year capital losses that have not been offset against capital gains. These losses can be used to offset future capital gains. This is a statistical item, and is not used in the calculation of taxable income except as an offset to future gross capital gains to derive the net capital gains figure.

Exempt contributions — Section 274(7) (label M)

This item is otherwise taxable contributions which the trustee of the fund, with the consent of the contributor, has elected to have treated as exempt under this section of the Income Tax Assessment Act.

Exempt contributions — section275B(label N)

This item is otherwise taxable contributions which the trustee of the fund, has elected to have treated as exempt under this section of the Income Tax Assessment Act.

Attributed foreign income

Label O— Listed country
Label S— unlisted country
Label T— FIF/FLP income

Fringe Benefit Tax

Description of Tables

Fringe Benefits Tax applies to a range of benefits which are provided by employers (or on their behalf) to the employees (or to people associated with those employees, e.g. family members). The tax is based on the value of the fringe benefits provided and is payable by employers.

The normal year, for the purposes of the fringe benefits tax, begins each 1 April and concludes the following 31 March.

The Fringe Benefits Tax legislation is contained in a separate Commonwealth Act known as the Fringe Benefits Tax Assessment Act 1986 which establishes the rules for assessment and collection of the tax. Tax on the taxable value of fringe benefits as determined under that Act is imposed by the Fringe Benefits Tax Act 1986.

From 1 April 1994 fringe benefits tax has been levied on the grossed-up value of benefits provided to employees. Under the gross-up rules, the taxable value of benefits provided to employees is increased by:

1 / (1 – FBT rate)

An income tax deduction is allowed to employers for the amount of fringe benefits tax paid. Certain tax exempt employers, who are unable to claim an income tax deduction for payments of fringe benefits tax, are able to claim a rebate at a rate of 48%.

The rate of tax for the year ended 31 March 1997 was 48.5% of the grossed-up taxable value of benefits provided.

Fringe Benefits Tax is payable on the following types of benefits:

- cars (including utilities, mini-buses, panel vans etc.) which are provided by employers to employees and which are available for private use by the employee
- car parking for employees (in specified circumstances), which is provided by or paid for by the employer or which the employee is reimbursed for by the employer
- loans to employees, at low interest rates or free of interest

- waiver of a debt owed by an employee
- expenses of employees, which an employer reimburses or pays
- some residential accommodation provided for employees
- some remote area housing and travel benefits
- some living-away-from-home payments or benefits
- board meals
- discounted or free goods and other property provided to employees
- discounted air travel for employees in the airline or travel industry
- the provision or reimbursement of entertainment or related expenses by an employer to employees
- some other benefits such as the provision of services and rights to use property.

The statistics in the Fringe Benefits Tax Tables have been compiled from the annual returns for Fringe Benefits Tax lodged with the Tax Office for the year ended 31 March 1997, processed to 6 September 1997.

Note, for some tables, the total number of taxpayers is not equal to the sum of the taxpayers for each benefit because some employers provide more than one type of fringe benefit.