Other deductions

How to complete myTax if you have other deductions.

QC 80421

myTax 2018 Personal superannuation contributions

How to claim a deduction for personal super contributions when you lodge your return using myTax.

Last updated 9 October 2018

On this page

This section has changed

The government has changed the eligibility rules to allow more people to claim a deduction for personal superannuation contributions (super contributions). Previously, only those who earned less than 10% of their total income as an employee were eligible to claim this deduction. This 10% rule has been removed which means most Australians under 75 years old can claim an income tax deduction for after-tax personal super contributions made into an eligible superannuation fund (super fund).

What can you claim?

You may be able to claim a deduction for personal super contributions that you made to your super fund or retirement savings account (RSA) provider from your **after-tax** income, for example, from your bank account directly to your super fund.

You cannot claim a deduction for super contributions paid by your employer directly to your super fund from your **before-tax** income such as:

- the compulsory superannuation guarantee (super guarantee)
- **salary sacrifice** amounts
- reportable employer super contributions from your payment summary and shown in the **Income tests** section.

Before you can claim a deduction for your **after-tax** personal super contributions, you must have:

- given your fund or RSA provider a **notice of intent to claim or vary a deduction for personal contributions form** (NAT 71121) and
- received an acknowledgment from your super fund or RSA provider.

There are other eligibility criteria that you must meet – continue reading.

Are you eligible to claim a deduction?

You may be able to claim a deduction for after-tax personal contributions you made to a complying super fund or RSA provider in 2017–18 if:

- you satisfied the age-related conditions
- you gave a valid **notice of intent** to your fund or RSA provider, in the approved form, and advised them of the amount you intend to claim as a deduction (you must give this notice on or before the day you lodge your 2018 tax return or 30 June 2019, whichever is earlier)
- your fund or RSA provider acknowledged your valid notice, and
- your fund was not a
  - Commonwealth public sector superannuation scheme (super scheme) with a defined benefit interest
  - constitutionally protected fund or other untaxed fund that would not include the contributions in their assessable income

    - super fund that notified the Commissioner before the start of the income year that they elected to treat all member contributions to the:
        - super fund as non-deductible
        - defined benefit interest within the fund as non-deductible.

Note: You can check if personal contributions made to your fund are not deductible by selecting **Manage my super** in your ATO Online account (accessed via myGov), and referring to the **Deductible status**.

See also

- Claiming deductions for personal super contributions
- Notice of intent to claim or vary a deduction for personal super contributions

You cannot claim a deduction for personal superannuation contributions if:

- your personal super contributions were not received by your super fund before the end of the income year -contributions received by the superannuation fund *after* the end of the income year can only be claimed as a deduction in the following income year, even if you took steps (such as posting a cheque, or initiating a direct debit) prior to the end of the year
- you made the contributions more than 28 days after the end of the month in which you turned 75 years old
- you were under 18 years old at the end of the income year and you did not receive any income from activities that resulted in you being treated as an employee for the purposes of the superannuation guarantee law or from you carrying on a business
- either of the following applied to you
    - you made a contribution that was attributable, either in whole or in part, to a capital gain that you made and you chose to apply the small business capital gains tax retirement exemption to all or part of that capital gain, and you were under 55 years old just before you made that choice, or
    - the contribution was attributable, either in whole or in part, to a capital gain and a company or trust chose to apply the small

business capital gains tax retirement exemption to all or part of that capital gain, and you were under 55 years old just before the contribution was made

- you did not provide your fund with a valid notice of intent to claim a deduction in the approved form, or
- you provided your fund with a valid notice of intent to claim a deduction in the approved form but you have not received an acknowledgment of this notice from your fund (see below).

See also

- Small business CGT concessions

You may be entitled to a super co-contribution for your personal contributions that you do not claim as a tax deduction. **Do not** include any amount at this section for the purpose of asking us for a super co-contribution. We calculate this automatically from information reported by your fund and from other sections on your tax return. For more information, see Superannuation contribution caps and government super contributions.

For more information, see You need to know.

Completing this section

If you turned 75 years old before 1 June 2017, you are not eligible to claim a deduction for personal superannuation contributions for 2017–18.

1. For each fund or RSA you contributed to and you are eligible to claim a tax deduction, select **Add** and enter the fund name.
2. Answer the question **Did you provide your fund (including a retirement savings account) with a notice of intent to claim a deduction for personal superannuation contributions, and receive an acknowledgment from your fund?**
   If **No**, go to step 4
   If **Yes**, go to step 3.
3. Enter the 2017–18 contributions which you are eligible to claim as a tax deduction at **Amount**.
   See Working out your deduction to work out the amount of contributions you are eligible to claim as a tax deduction.
   You cannot claim an amount higher than the amount your

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

4. Select **Save**.
5. Select **Save and continue**.

Note: You can check your super fund details by selecting **Manage my super** in your ATO Online account, accessed via myGov. A link to your fund website will also be provided there which you may find useful.

Record keeping

Keep your notice of intent to claim a deduction and the acknowledgment of your notice from your super fund or RSA provider, as we may ask to see them.

Working out your deduction

1. **Have you provided, in an approved form, a valid notice of intent to claim a deduction for personal superannuation contributions to your fund or RSA provider?**

   Yes – Go to step 2.

   No – Send this notice to your fund or RSA provider before you lodge your tax return. You are not entitled to claim a deduction for personal superannuation contributions unless you have given the notice and received an acknowledgment from your fund or RSA provider.
   You can download a notice of intent to claim or vary a deduction for personal super contributions form, or contact your super fund as they may have their own you can use.

2. **Have you received an acknowledgment from your fund or RSA provider that you gave them a valid notice of intent to claim a deduction for personal superannuation contributions?**

   Yes – Go to step 3.

   No – Until you receive an acknowledgment from your fund, you are not entitled to a deduction for personal super contributions. You may either wait to lodge your tax return until you receive the acknowledgment, or you may lodge now (without claiming the deduction) and request an amendment once your acknowledgment has been received. If your fund has rejected your notice or advised that it is not valid, you are not entitled to claim a deduction.

3. **Were you 18 years old or older on 30 June 2018?**

   Yes – Go to step 5.

   No – Go to step 4.

4. **Did you receive income from carrying on a business or from activities that resulted in you being treated as an employee for superannuation guarantee purposes?**

   Yes – Go to step 7.

   No – You are not entitled to a deduction for personal superannuation contributions.

5. **Did you turn 75 years old before 1 June 2017?**

   Yes – You are not entitled to a deduction for personal superannuation contributions for 2017–18.

   No – Go to step 6.

6. **Did you turn 75 years old between 1 June 2017 and 31 May 2018 inclusive?**

   Yes – Add up all the contributions you made between 1 July 2017 and the 28th day of the month following the month in which you turned 75 years old (inclusive) which you are eligible to claim as a tax deduction. This is the amount you can claim. Go to step 7.

   No – Go to step 7.

7. Add up all your 2017–18 contributions which you are eligible to claim as a tax deduction.

Important information

Remember, your fund or RSA provider must have given you an acknowledgment of your valid notice which advised them of the amount you are claiming as a deduction.

You cannot claim an amount that is higher than the amount your superannuation fund or RSA providers acknowledged.

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

You must notify your super fund or RSA provider of any variation, in the approved form, on or before the day you lodge your 2018 tax return or 30 June 2019, whichever is earlier. Once you have provided notification, the value you enter at **Amount** for that contribution is limited to the reduced amount.

You may vary your notice after that date if the amount stated does not meet the personal superannuation contributions conditions and we have disallowed an amount of your deduction, for example, if the deduction you claimed exceeds your assessable income.

You can only vary your notice after that date by the amount of the deduction that does not meet the conditions and that we disallowed.

See also

- Notice of intent to claim or vary a deduction for personal super contributions
- How do I change an amount previously included on a valid notice?

You need to know

Personal super contributions are amounts you have paid to an eligible complying super fund or RSA to provide superannuation benefits for yourself, or for your dependants in the event of your death.

Most super funds are eligible complying super funds. If you are unsure contact your super fund.

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

The deduction you claim may also be used in the income tests for eligibility for certain tax offsets and government benefits. See Income tests.

If you are 65 years old or older, you can only make personal contributions if you meet certain conditions. You should check with your super fund or RSA provider.

If you are under 18 years old at the end of the income year in which you made the contribution, you can only claim a deduction for your personal super contributions if you earned income from:

- activities or circumstances which treat you as an employee for superannuation guarantee purposes, such as, salary or wages or other remuneration in return for your personal labour or skills
- carrying on a business.

See also

- Superannuation Guarantee Ruling SGR 2005/1 *Superannuation guarantee: who is an employee?*
- Taxation Ruling TR 2010/1 *Income tax: superannuation contributions*.

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

Superannuation contributions splitting

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

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

A super contributions splitting application can only be made to your fund or RSA provider:

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

Your spouse includes another person (of any sex) who:

- you were in a relationship with that was registered under a prescribed state or territory law

- although not legally married to you, lived with you on a genuine domestic basis in a relationship as a couple.

See also

- Contributions splitting

Superannuation contribution caps and government super contributions

The amount of your personal super contributions that is allowed as an income tax deduction will count towards your concessional contributions cap. Other amounts that count towards your concessional contributions cap include:

- your employer contributions
- any amount you salary sacrificed into super (these are known as Reportable employer superannuation contributions and appear on your payment summary and are shown in the **Income tests** section on your tax return).

For 2017–18, the concessional contributions cap is $25,000 for everyone. Previously, this cap was $30,000 or $35,000 depending on your age. If the sum of the contributions you claim as a deduction plus your employer contributions plus any salary sacrificed contributions is more than $25,000, you may have to pay extra tax.

The amount of your personal contributions that is not allowed as an income tax deduction will count towards your non-concessional contributions cap. For 2017–18, the annual non-concessional contributions cap is $100,000 ($180,000 for 2016–17) if your total superannuation balance on 30 June 2017 was less than $1.6 million. If you exceed your non-concessional contributions cap you may have to pay more tax.

See also

- Super contributions - too much can mean extra tax
- Key super rates and thresholds

You may be entitled to receive a government super co-contribution based on the personal contributions you made for which you did not or could not claim a tax deduction. The co-contribution is a matching government super contribution for low income earners who make a personal super contribution.

You may be entitled to receive a Low Income Super Tax Offset (LISTO) based on your concessional contributions, including your personal super contributions for which a tax deduction was allowed. The LISTO is a government super contribution (up to a maximum of $500) for low income earners that is designed to offset the tax paid by super funds on concessional contributions.

Check that you have provided your tax file number to your superannuation fund to ensure you can make a personal contribution and ensure you receive your co-contribution entitlement.

See also

- Super co-contribution

QC 55661

myTax 2018 Forestry managed investment scheme deductions

How to claim deductions from forestry managed investment schemes in myTax.

Last updated 28 June 2018

> ## On this page
>
>

Complete this section if you made payments to a forestry managed investment scheme (FMIS).

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

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

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

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

However, the deduction will be allowed if the disposal occurred because of circumstances outside your control, provided you could not have reasonably foreseen the disposal happening when you acquired the interest. Disposals that would generally be outside your control include compulsory acquisition, insolvency of you or the scheme manager, or cancellation of the interest due to fire, flood or drought.

For more information, see:

- Collapse and restructure of agribusiness managed investment schemes - participant information
- Forestry managed investment schemes

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

Completing this section

Before you complete this section, you need to know whether you are an initial or subsequent participant.

1. Work out the amount of your deductible:
   - initial and ongoing payments made under an FMIS, if you are an initial participant, or
   - ongoing payments made under an FMIS, if you are a subsequent participant.

2. For each FMIS deduction, select **Add** and enter information into the corresponding fields.
3. Select **Save**.
4. Select **Save and continue**.

You need to know

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

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

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

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

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

Participant payments under an FMIS

Initial participant

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

Subsequent participant

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

Excluded payments

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

- payments for borrowing money
- interest and payments in the nature of interest (such as a premium on repayment or redemption of a security, or a discount of a bill or

bond)

- payments of stamp duty
- payments of goods and services tax (GST)
- payments that relate to transportation and handling of felled trees after the earliest of the following
  - sale of the trees
  - arrival of the trees at the mill door
  - arrival of the trees at the port
  - arrival of the trees at the place of processing (other than where processing happens in-field)
- payments that relate to processing
- payments that relate to stockpiling (other than in-field stockpiling).

QC 55397

myTax 2018 Low-value pool deduction

How to claim deductions for low-cost and low-value assets in your return using myTax.

Last updated 28 June 2018

This section is about claiming a deduction for the decline in value of **low-cost** and **low-value** assets that you:

- used in the course of producing income you show on your tax return, and
- allocated to what is called a **low-value pool**.

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

Low-value assets are depreciating assets that are not low-cost assets but which, on 1 July 2017, had been written off to less than $1,000 under the diminishing value method.

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

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

- in your work as an employee, or
- to gain rental income.

If you claim the deduction at this section, do not claim it at as a work-related expense or rental expense.

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

- assets you have previously claimed deductions for using the prime cost method
- assets that cost $300 or less for which you can claim an immediate deduction
- assets for which you deduct amounts under the simplified depreciation rules for small business entities. Show these at **Business income or losses** in the **Business/sole trader, partnership and trust income (including loss details)** section
- horticultural plants
- a portable electronic device (such as a laptop, portable printer, personal digital assistant, calculator, mobile phone and portable GPS navigation receiver), computer software, protective clothing, a briefcase or a tool of trade, which is primarily for use in your employment, if your employer provided it, paid for it or reimbursed you for any of its cost, and the benefit was exempt from fringe benefits tax.

If your low-value pool contains only assets used in business and not for any other income producing purpose, you must claim your deduction at the **Business income or losses** in the **Business/sole trader, partnership and trust income (including loss details)** section.

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

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

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

For more information, see Guide to depreciating assets.

Completing this section

1. Work out your total low-value pool deduction using the Depreciation and capital allowances tool or Worksheet 1.
   If you used the Depreciation and capital allowances tool and saved to myTax, go to step 4.
2. If you used Worksheet 1:
   - enter the amount at row **i** from Worksheet 1 into the **Total decline in value deduction** field
   - use Worksheet 2 to work out the closing balance.
3. Select **Save**.
4. Select **Save and continue**.

Note: If you used the Depreciation and capital allowances tool, fields containing information from the tool cannot be directly adjusted in myTax. To make any adjustments to this information, or to add new assets to the tool, select **Work it out**.

Tax tip: Keep a record of your 2017–18 closing balance for next year's tax return.

Working out your deduction and the pool closing balance

Worksheet 1 - Working out the low-value pool deduction

Row	Low-value pool deduction	Amount
a	The closing balance of the pool for 2016–17. If you did not have a low-value pool in 2016–17, show **0**.	$
b	For each **low-value asset** allocated to the pool in 2017–18, multiply its opening adjustable value (on 1 July 2017) by your taxable use percentage for the asset. Add up the amounts and show the total.	$
c	Add rows **a** and **b**.	$
d	Multiply row **c** by 0.375.	$
e	For each **low-cost asset** allocated to the pool in 2017–18, multiply its cost (including additional capital costs incurred in 2017–18, such as improvements) by your taxable use percentage for the asset. Add up the amounts and show the total.	$
f	For each • asset allocated to the pool in a prior income year, and • low-value asset allocated to the pool in 2017–18 for which you incurred additional capital costs (such as improvements) in 2017–18, multiply the costs by your taxable use	$

	percentage for the asset. Add up the amounts and show the total.	
g	Add rows **e** and **f**.	$
h	Multiply row **g** by 0.1875.	$
i	Add rows **d** and **h**.	**$**

The amount at row **i** is the total low-value pool deduction.

Worksheet 2 - Working out the closing pool balance

Row	Closing balance for 2017–18	Amount
j	Transfer amount from row **a** in worksheet 1.	$
k	Transfer amount from row **b** in worksheet 1.	$
l	Transfer amount from row **e** in worksheet 1.	$
m	Transfer amount from row **f** in worksheet 1.	$
n	Add rows **j**, **k**, **l** and **m**.	$
o	Transfer amount from row **i** in worksheet 1.	$
p	Take row **o** away from row **n**.	$
q	For each pool asset subject to a balancing adjustment event in 2017–18, multiply its termination value by your taxable use percentage for the asset. Add up the amounts and show the total.	$
r	Take row **q** away from row **p**. This is your closing pool balance for 2017–18.	**$**

Note: Some common events, such as the sale or disposal of an asset in the low-value pool, or the asset's loss or destruction, result in a 'balancing adjustment event'.

If there has been a balancing adjustment event for an asset in the pool, you must reduce the closing pool balance. To do this, you multiply the asset's termination value (generally any proceeds, including any insurance payout, from the event) by your taxable use percentage for the asset. Your closing pool balance is reduced by the amount that results from this calculation. There is space for you to include this amount in Worksheet 2. If this amount is more than the closing pool balance, you reduce the closing pool balance to nil and include the excess amount at **Any other income** in the **Other income** section.

QC 55607

myTax 2018 Other deductions

How to complete myTax if you have other deductions.

Last updated 28 June 2018

On this page

Complete this section if you have other expenses that you have not been able to claim as deductions elsewhere on your tax return.

You may claim at this section:

- election expenses for local, territory, state or federal candidates
- income protection, sickness and accident insurance premiums
- foreign exchange losses

- debt deductions incurred in earning assessable income that are not disallowed under the thin capitalisation rules and have not been claimed elsewhere
- debt deductions incurred in earning certain foreign non-assessable non-exempt income that are not disallowed under the thin capitalisation rules
- amounts deductible for certain business-related capital expenditure under section 40-880 of the *Income Tax Assessment Act 1997* (ITAA 1997):
  - over five income years (relating to a business you carried on through a company or a trust), or
  - immediately as start-up expenses relating to the structure or the operation of the business that is proposed to be carried on
- a deduction for the net personal services income loss of a personal services entity that related to your personal services income
- certain deductible capital expenditure not claimed in full before ceasing a primary production business where a deduction can be claimed in a subsequent year or years; for example, water conservation expenditure, which may be deducted over a three-year period
- non-capital losses incurred on the disposal or redemption of a traditional security which are deductible under section 70B of the *Income Tax Assessment Act 1936* (ITAA 1936); for more information, see the section on **Sale or disposal of company bonds and convertible notes** in You and your shares
- interest incurred on money borrowed to invest under the infrastructure borrowings scheme if you intend to claim a tax offset at **Other non-refundable tax offsets** in the **Offsets** section; for more information, see Other non-refundable tax offsets
- small business pool deductions for depreciating assets of your small business pool that you cannot claim at **Business income or losses** because you did not carry on a business in 2017–18; for more information, see Small business entity concessions
- self-education expenses you incurred in doing a course to satisfy the study requirements of a taxable scholarship.

The law has been changed so that, for 2011–12 and later years, you cannot claim deductions for expenses incurred in actively seeking paid work if you receive Newstart Allowance or Youth Allowance as a job seeker.

Depreciation and capital allowances tool

You can use the Depreciation and capital allowances tool to work out the total decline in value deduction and any deductible balancing adjustment when you stop holding a depreciating asset. To access the tool, select the 'Work it out' link in the **Deductions** section on the **Prepare return** screen.

Do not show at this section

Do not show the following expenses at this section:

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

Other sections deal with these matters.

Completing this section

1. For each of your other deductions select **Add** and enter information into the corresponding fields.
2. Select **Save**.
3. If you are claiming election expenses, add up all your deductible election expenses. Enter the amount into the **Election expenses** field.
4. Select **Save**.
5. Select **Save and continue**.

Note: If you used the Depreciation and capital allowances tool, fields containing information from the tool cannot be directly adjusted in myTax. To make any adjustments to this information, or to add new assets to the tool, select **Work it out**.

You need to know

Election expenses

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

For more information about deductions for election expenses, see Taxation Ruling TR 1999/10 - *Income tax and fringe benefits tax: Members of Parliament - allowances, reimbursements, donations and gifts, benefits, deductions and recoupments*.

You must show as income at **Other income** on your tax return a reimbursement in 2017–18 of any election expenses that you have claimed as a deduction in 2017–18 or a previous year.

Income protection, sickness and accident insurance premiums

You can claim the cost of any premiums you paid for insurance against the loss of your income. You must include any payment you received under the policy for loss of your income at **Salary, wages, allowances, tips, bonuses etc** in the **Payment summaries** section or at **Other income** on your tax return.

You cannot claim a deduction for a premium or any part of a premium which you paid under a policy to compensate you for such things as physical injury. Life insurance, trauma insurance and critical care insurance are some types of policies for which premiums are not deductible.

You cannot claim a deduction for a premium where the policy is taken out through your superannuation fund and the premiums are deducted from your superannuation contributions.

Foreign exchange losses

Unless you carried on a business and have included all your foreign exchange losses (forex losses) in calculating your business net income or loss at **Business income or losses**, your deductible forex losses must be shown at this section (except any foreign source forex losses that you have included at **Other foreign income** in the **Foreign income, assets and entities** section). Show any assessable foreign exchange gains (forex gains) at **Other income** on your tax return.

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

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

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

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

Debt deductions

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

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

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

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

- you were an Australian resident and you (or any associate entities) had certain overseas interests and your debt deductions combined with those of your associate entities were more than $2 million for 2017–18, or
- you were a foreign resident with operations or investments in Australia and your debt deductions against Australian assessable income combined with those of your associate entities were more than $2 million for 2017–18.

You can find more information at **Thin capitalisation**.

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

If the total of these expenses you incurred in 2017–18 is more than $100 you have to deduct the expenses over the shorter of the following periods:

- the life of the loan, or
- five years from the date you first borrowed the money.

If the total of these expenses you incurred in the 2017–18 income year is $100 or less, you can deduct them immediately.

Section 40-880 deductions

This section allows you to claim a deduction for certain business-related capital expenditure over five income years or immediately in case of some start-up expenses.

Expenditure deductible over five income years

Claim a section 40-880 deduction at this section if:

- you incurred the relevant capital expense and

  - the expenditure relates to a business that was proposed at the time the expense was incurred
  - the business commenced before 30 June 2018, and
  - you are carrying on the business through a company or trust, or

- you incurred the relevant capital expense and the expenditure relates to a business which ceased in a previous income year and you carried on the business through a company or trust.

If you incurred relevant section 40-880 expenses in relation to a business which ceased in a previous income year and you carried on the business as a sole trader or through a partnership, claim the amount at **Business income or losses**.

Certain start-up expenses

From 1 July 2015, section 40-880 of the ITAA 1997 allows a taxpayer who is not in business, or who is a small business entity, to immediately deduct certain start-up expenses relating to the structure or operation of a business that is proposed to be carried on.

Expenditure is fully deductible in the income year in which it is incurred if it:

- is incurred by you and you are a small business entity or you were not in business during the income year, and
- relates to a business that is proposed to be carried on, and
- is either
  - incurred for advice or services relating to the structure or operation of the business, or
  - paid to an Australian government agency in relation to setting up the business or establishing its operating structure.

If you incurred relevant section 40-880 expenses that do not qualify for immediate deduction and you had not commenced the business by 30 June 2018, your deduction for this amount will be deferred until the year in which the business activity commences. The deferred amount may be deducted in the income year in which the activity commences.

For more information about section 40-880 deductions, see Guide to depreciating assets.

Net personal services income loss of a personal services entity that related to your personal services income

There are special rules for the income tax treatment of certain personal services income. Personal services income is income that is mainly a reward for your personal efforts or skills and is generally paid to you or to a personal services entity (being a company, partnership or trust).

Where the payment was made to a personal services entity and that entity incurred a personal services income loss relating to your personal services income, you can claim a deduction for that loss.

For more information about personal services income deductions, see What to do when the PSI rules apply.

If you need help with these rules, phone us on **13 28 66**.

Self-education expenses related to satisfying the study requirements of a taxable scholarship

You may claim at this section expenses you incurred in meeting the study requirements of a taxable scholarship. However do not claim these expenses here if you were an employee of the provider; claim them at **Work-related self-education expenses** in the **Deductions** section.

Examples of expenses you can claim are textbooks, stationery, student union fees, student services and amenities fees, the decline in value of your computer and certain course fees.

You cannot claim a deduction for travel from your home to your normal place of education and back.

Enter 'Scholarship expenses' in **Your description**.

Our commitment to you

We are committed to providing you with accurate, consistent and clear information to help you understand your rights and entitlements and meet your obligations.

If you follow our information and it turns out to be incorrect, or it is misleading and you make a mistake as a result, we will take that into account when determining what action, if any, we should take.

Some of the information on this website applies to a specific financial year. This is clearly marked. Make sure you have the information for the right year before making decisions based on that information.

If you feel that our information does not fully cover your circumstances, or you are unsure how it applies to you, contact us or seek professional advice.

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