



# EXPLANATORY NOTES FOR THE LIFE INSURANCE COMPANIES TAXATION SCHEDULE 2006

## INTRODUCTION

These notes are designed to help in the preparation of the *Life insurance companies taxation schedule 2006*. They are **not** a guide to the income tax law.

## STATEMENT OF INCOME – SEGREGATED EXEMPT ASSETS (SEA)

### Net investment income – SEA

If a life company reconciles accounting income to taxable income, it must include at **A** the total accounting net investment income for SEA. If a life company uses a taxation basis to determine income derived from SEA, please supply the following details of ordinary and statutory income derived from SEA: all investment income from SEA less losses made from the disposal of SEA assets. Investment income includes gains made on the disposal of investments, interest income, dividend income, trust distributions, partnership distributions, net rental income and all other investment income.

Show whether the company used an accounting basis or a taxation basis to determine net investment income derived from SEA by printing **X** in the relevant code box at the right of the amount shown at **A**.

### Premiums from exempt life insurance policies

Show at **B** the total amount of gross premiums received from exempt life insurance policies.

## STATEMENT OF TAXABLE INCOME – ASSESSABLE INCOME

### Premiums from accident and disability and term policies

Show at **C** the total amount of gross premiums received from accident and disability and term policies. Term policies include assets (including money) having a total transfer value equal to 'risk riders' that are transferred from the virtual pooled superannuation trust (VPST) under section 320-195 of the *Income Tax Assessment Act 1997* (ITAA 1997). Disability policies include continuous disability policies.

### Premiums from other life insurance policies

Show at **D** for the ordinary class, the total amount of gross premiums received from all life insurance policies for the ordinary class except for:

- exempt life insurance policies
- term policies (including riders)
- accident and disability policies.

Show at **E** for the VPST the total amount of gross premiums received from VPST life insurance policies.

### Total ordinary income – ordinary class

Show at **F** assessable income of the ordinary class that is income according to ordinary concepts.

### Total complying superannuation assessable income

The total assessable income of the complying superannuation class includes both income according to ordinary concepts, and statutory income. Show at **G** the assessable income that is allocated to the complying superannuation class under subsection 320-137(2) of ITAA 1997.

The total assessable income of the complying superannuation class includes transfers to the VPST as stated in **Transfers to VPST** on the next page, and must be shown at **G**.

## STATEMENT OF TAXABLE INCOME – ALLOWABLE DEDUCTIONS

### Complying superannuation class tax losses claimed

Show at **H** the amount of tax losses of the complying superannuation class claimed as a deduction in accordance with section 320-141 of ITAA 1997.

### Tax losses – ordinary class

Show at **I** the amount of tax losses of the ordinary class claimed as a deduction under subdivision 36A of ITAA 1997.

### Total allowable deductions – ordinary class

The total allowable deductions of the ordinary class of the company is the total allowable deductions of the company less the total allowable deductions of the complying superannuation class. The total allowable deductions of the ordinary class includes transfers to the VPST as stated in **Transfers to VPST** on the next page, and must be shown at **J**.

### Total allowable deductions – complying superannuation class

The total allowable deductions of the complying superannuation class include tax losses of the complying superannuation class which have been claimed as a deduction. The deductions (other than tax losses) of the complying superannuation class are determined in accordance with subsection 320-137(4) of ITAA 1997. The tax losses of the complying superannuation class are determined in accordance with section 320-141 of ITAA 1997.

Show at **K** the total allowable deductions for the complying superannuation class.

Note that where the sum of the amount of the deductions of the complying superannuation class referred to in subsection 320-137(4) of ITAA 1997 exceeds the sum of the amounts of the assessable income of the complying superannuation class under subsection 320-137(2) of ITAA 1997, the sum of the amounts of the deductions of the complying superannuation class is to be shown as the same amount as the sum of the amounts of assessable income of the complying superannuation class. (That is, the deductions shown at **K** cannot be greater than the assessable income shown at **G**.)

## TRANSFERS

### Transfers to VPST

Show at **N** the transfer value of assets (including money) transferred by the company to the VPST under subsection 320-180(3) and 320-185(1) of ITAA 1997.

### Transfers from VPST

Show at **O** the following amounts:

- the transfer value of assets (including money) transferred by the company from the VPST under subsection 320-180(1) of ITAA 1997, and
- assets transferred (including money) under subsection 320-195(3) of ITAA 1997 having a total transfer value equal to the following:
  - all fees from investment-linked policies
  - policy fees and administration fees from other than investment-linked policies, and
  - premium-based fees from other than investment-linked policies.

Do not include assets (including money) having a total transfer value equal to 'risk riders' that are transferred from the VPST under section 320-195 of ITAA 1997.

### Transfers to SEA

Show at **P** the transfer value of assets (including money) transferred to the company's segregated exempt assets under subsections 320-235(3) and 320-240(1) of ITAA 1997.

### Transfers from SEA

Show at **Q** the following amounts:

- the transfer value of assets (including money) transferred from the company's segregated exempt assets under subsection 320-235(1) of ITAA 1997, and
- assets (including money) transferred under subsection 320-250(2) of ITAA 1997 having a total transfer value equal to the following:
  - all fees from investment-linked policies – that is, allocated pensions and annuities
  - policy fees and administration fees from other than investment-linked policies, and
  - premium-based fees from other than investment-linked policies.

## HELP IN COMPLETING THIS SCHEDULE

If you need help in completing this schedule, please phone Daryl Montiford at the Box Hill Tax Office on **(03) 9275 2579**.



When lodging this life insurance companies taxation schedule, also provide a copy of the financial statement or annual report provided to the Australian Prudential Regulatory Authority (APRA) for the 2005–06 income year.

Tax file number (TFN)

Australian business number

Name of entity

  

Signature as prescribed in tax return

Daytime telephone contact

Area code

Number

Contact person

Statement of income – segregated exempt assets (SEA)

Income – SEA

Net investment income – SEA **A**  -00

Premiums – exempt life insurance policies **B**  -00

Taxation  
basis

Accounting  
basis

Statement of taxable income – assessable income

	Ordinary class	Complying superannuation class
Premiums from accident and disability and term policies <b>C</b>	<input type="text"/> -00	
Premiums – other life insurance policies <b>D</b>	<input type="text"/> -00	<b>E</b> <input type="text"/> -00
Total ordinary income – ordinary class <b>F</b>	<input type="text"/> -00	
Total complying superannuation assessable income <b>G</b>		<input type="text"/> -00

Statement of taxable income – allowable deductions

Complying superannuation class tax losses claimed <b>H</b>	<input type="text"/> -00
Tax loss – ordinary class <b>I</b>	<input type="text"/> -00
Total allowable deductions – ordinary class <b>J</b>	<input type="text"/> -00
Total allowable deductions – complying superannuation class <b>K</b>	<input type="text"/> -00
Taxable income – ordinary class ( <b>F</b> less <b>J</b> ) <b>L</b>	<input type="text"/> -00
Taxable income – complying superannuation class ( <b>G</b> less <b>K</b> ) <b>M</b>	<input type="text"/> -00

Transfers

Transfers to VPST <b>N</b>	<input type="text"/> -00
Transfers from VPST <b>O</b>	<input type="text"/> -00
Transfers to SEA <b>P</b>	<input type="text"/> -00
Transfers from SEA <b>Q</b>	<input type="text"/> -00