NOT FOR SALE

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TAXPACK 2001

Income

Deductions

Losses

Tax offsets

Private health insurance

Medicare levy

Adjustments

CHOOSE *E-TAX* AND LODGE OVER THE INTERNET.

see page 6

YOU MAY ALSO NEED *TAXPACK 2001 SUPPLEMENT.*

see page 5

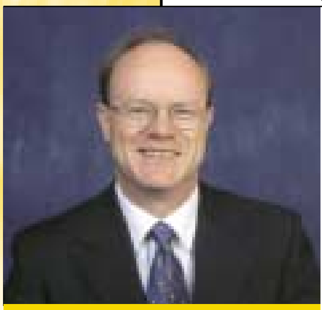
LODGE YOUR TAX RETURN BY 31 OCTOBER 2001 OR EARLIER.

AUSTRALIAN TAXATION OFFICE

www.ato.gov.au

NAT 976—6.2001

Commissioner's *guarantee*



Michael Carmody
COMMISSIONER OF TAXATION

THE COMMISSIONER OFFERS YOU THE FOLLOWING PROTECTIONS IF YOU USE *TAXPACK 2001* PROPERLY:

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

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

Michael Carmody

USING *TAXPACK 2001* PROPERLY MEANS YOU MUST:

- have on hand all your necessary documentation and records for the 2000–01 income year (1 July 2000 to 30 June 2001)
- read all the preliminary pages—they provide valuable information ranging from whether you need to lodge a tax return at all, to how you can get a faster refund
- read each question caption carefully and
  - if it does not apply to you, go to the next question
  - if it does apply to you, read the question carefully so that you provide the required details on your tax return
- make sure that you complete the Medicare levy surcharge question (M2). It applies to **all** taxpayers
- be aware of the Index at the back of *TaxPack*—it can help you to find information that is relevant to your circumstances
- use the checklist on page 105 before you lodge your tax return.

TaxPack 2001 has been prepared to help you complete your tax return correctly—see **Self-assessment—it's your responsibility** on page 4.

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CONTENTS

INFORMATION

Do you have to lodge a tax return?

There are a number of reasons why you may have to lodge a tax return for the 2000–01 income year (1 July 2000 to 30 June 2001). The following table lists those reasons, from most common (REASON 1) to least common (OTHER REASONS). Check each reason in order. Once you find a reason that applies to your circumstances you do not have to read any further. You must lodge a tax return—proceed to page 4.

If none of the reasons listed applies to you, go to page 3 to find out if you need to complete a *2001 non-lodgment advice*.

REASON 1 You paid tax during 2000–01.

You need to lodge if you were an Australian resident for tax purposes (see page 7) and any of the following applied to you:

- You had amounts of tax withheld from income you received or earned.
- You were required to lodge an activity statement under the Pay As You Go (PAYG) system and pay an instalment amount during the year, and that amount has not been fully refunded to you.
- You had amounts withheld from interest, because you did not quote your tax file number (TFN) or Australian Business Number (ABN) to the investment body.

REASON 2 You received a Commonwealth of Australia government pension, allowance or payment.

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

- You received an allowance or payment listed at question **5** on page 21 and you had other income.
- You received a pension, allowance or payment listed at question **6** on page 22 AND your assessable income was more than the following relevant amount:
  - if you were single, widowed or separated at any time during the year—$15 970
  - if you had a spouse but either of you lived in a nursing home or you had to live apart due to illness—$15 164
  - if you lived with your spouse for the whole income year—$13 305.

  Your assessable income, which means your total income from all sources before deductions, includes the 'taxable pension' shown on your *PAYG payment summary—individual non business* plus other types of income, such as bank interest, taxable unit trust distributions, dividends, wages, most foreign pensions, eligible termination payments and net capital gains. It does not include exempt income shown on page 9.
- You meet any of the conditions in the REASON 1 or OTHER REASONS boxes.

REASON 3 You received or earned income not covered by REASON 2.

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

$6000	if you were an Australian resident for tax purposes for the whole income year
$643	if you were under 18 years of age at 30 June 2001 and your income was not salary or wages
$1	if you were a non-resident and you had income taxable in Australia—excluding income that has non-resident withholding tax withheld from it
Part-year tax-free threshold amount	If you stopped full-time education for the first time or you became or stopped being an Australian resident for tax purposes, you will have a part-year tax-free threshold which determines whether you have to lodge a tax return. Page 107 shows you how to work out this amount.

OTHER REASONS

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

- You are the liable parent under a child support assessment.
- You have a reportable fringe benefits amount on your *PAYG payment summary—individual non business*.
- You are entitled to a tax offset at question **T4** on pages 84–7.
- You carried on a business.
- You made a loss, or you can claim a loss you made in a previous year.
- You were entitled to a distribution from a trust, or you had an interest in a partnership AND the trust or partnership carried on a business of primary production.
- You were an Australian resident for tax purposes and you had exempt overseas employment income and $1 or more of other income. Pages s22–6 in *TaxPack 2001 supplement* explain what is meant by exempt overseas employment income.
- You are a special professional covered by the income averaging provisions. These provisions apply to authors of literary, dramatic, musical or artistic works, inventors, performing artists, production associates and active sportspersons.
- You received income from dividends or distributions exceeding $6000 AND you had imputation credits or amounts withheld because you did not quote your TFN or ABN to the investment body.

Note If you have an imputation credit shown on your dividend or distribution statement for 2000–01, or had an amount withheld from dividends because you did not quote your TFN or ABN to the investment body, but do not need to lodge a tax return because none of the reasons above applied, you may be able to claim a refund of this imputation credit or amounts withheld without lodging a tax return. You will need the publication *Refund of imputation credits—application and instructions for individuals* (NAT 4105—6.2001). To find out how to get this publication see the inside back cover of *TaxPack* or ring the refund of imputation credits infoline on **13 6140**.

Deceased estate

If you are looking after the estate of someone who died during 2000–01, consider the above points on their behalf and, if a tax return is not required, complete the *2001 non-lodgment advice* on the next page and send it to the Australian Taxation Office. If a tax return is required, see page 8 for more information.

2001 non-lodgment advice

Australian Taxation Office

If you do not need to lodge a tax return, complete the form below and send it to the Australian Taxation Office (ATO) unless:

- your only income was from an allowance or payment listed at question **5** on page 21
- you received a pension, allowance or payment listed at question **6** on page 22 AND your assessable income was less than the relevant amount in **REASON 2**.

The agencies that pay these have provided information for us to determine that you do not need to lodge a tax return.

- you have previously sent us a tax return or non-lodgment advice, a form or a letter that told us that you do not need to lodge a tax return for all future years.

Your tax file number

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

Your date of birth

Day Month Year

Your name

Title—for example, Mr, Mrs, Ms, Miss

Surname or family name

Given names

Your postal address

Suburb or town

State Postcode Country if not Australia

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

NO Read on.

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

Suburb or town

State Postcode Country if not Australia

Your daytime telephone number—if it is convenient

Area code Telephone number

Reason for not lodging a tax return

I will not have to lodge a tax return for 2001 because none of the reasons listed on page 2 applies.

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

(please print)

Child support

If you receive child support, complete the following details.

Child Support Agency reference number

If you are liable to pay child support you must lodge a tax return.

Main source of 2000–01 income—for example, salary or wages

Total amount of 2000–01 income:

- Include total reportable fringe benefits.
- Include exempt foreign employment income.
- Add back the amount of net rental losses.
- Do not include exempt income described on page 9.

$

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

Signature Date

NAT 2586—6.2001

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

Use the pre-addressed envelope provided with *TaxPack* to send your non-lodgment advice to the ATO by 31 October 2001. See page 117 for more details.

CUT ALONG DOTTED LINE TO REMOVE

Messages

TaxPack 2001 is a guide designed to help you complete your *2001 tax return for individuals* for the 2000–01 income year—from 1 July 2000 to 30 June 2001. You should have found 2 copies of the tax return and an envelope for lodgment enclosed with *TaxPack 2001*. If you need more copies of the tax return see page 6.

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

Self-assessment—it's your responsibility

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

When you receive your notice of assessment, you may find that we have made some adjustments—for example, you may have made an error adding up your figures. However, we do not check everything in your tax return before issuing your notice of assessment. At a later date we may check some of the details more thoroughly—perhaps to review specific parts of your tax return or conduct an audit—but we do not take responsibility for checking that your tax return details are correct.

Please remember, even if someone else helps you to complete your tax return, you must sign the *Taxpayer's declaration* and you are responsible for the information provided in your tax return. Someone else may sign your tax return on your behalf if they have authority to do so under a power of attorney.

If, after lodging your tax return, you believe you have made a mistake see page 118 to find out what to do.

Lodge your tax return by 31 October 2001

You have from 1 July 2001 to 31 October 2001 to lodge your tax return, but it is a good idea to start early and send it in as soon as you can. The lodgment address is on page 117.

Don't delay sending your tax return, even if you think you will owe tax. The earliest due date for any 2000–01 personal income tax debt is 21 November 2001.

If you cannot lodge by 31 October 2001

If you cannot lodge your tax return by this date due to circumstances beyond your control, contact us as soon as possible—and certainly before 31 October 2001—to find out if you can lodge at a later date. Ring our lodgment enquiries helpline on the inside back cover of *TaxPack* or send a written request to the address that appeared on your 2000 notice of assessment, if you have one, or to your nearest tax office (see page 124). Explain why you need to lodge late and suggest another date. We will consider your request and contact you.

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

If you have not received your payment summary or you have lost it, see YOU NEED TO KNOW on page 11 for information on late or lost payment summaries.

Imputation credits

If you have an imputation credit shown on your dividend or distribution statement for 2000–01 but do not need to lodge a tax return—see **Do you have to lodge a tax return?** on page 2—you may be able to claim a refund of this imputation credit without lodging a tax return. You will need the publication *Refund of imputation credits—application and instructions for individuals* (NAT 4105—6.2001). To find out how to get a copy of this publication see the inside back cover of *TaxPack* or ring the refund of imputation credits infoline on **13 6140**.

A shorter period of review

This year a shorter period of review classification (reduced to 2 years), has been introduced for individuals with simple tax affairs. These are individuals who are residents and who:

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

You may still satisfy shorter period of review criteria if you hold a capital gains tax asset provided you do not dispose of it (resulting in a capital gain or loss) in the income year.

From the information provided above you can assess if you are subject to a shorter period of review, or the ATO will advise you on your 2001 notice of assessment.

The benefits of the shorter period of review classification include reduced times for you to keep certain records (see page 12) and for amendment of your assessments (see page 121).

Reserve Bank of Australia

If you receive a refund cheque with your notice of assessment all details on the cheque are provided to the Reserve Bank of Australia to assist in clearing your refund.

Family tax benefit

On 1 July 2000 family tax benefit (FTB) replaced the sole parent rebate, spouse rebate with child and family tax assistance. Taxpayers who in previous years claimed these benefits in their tax returns, may now be able to claim FTB either as a direct payment from the Family Assistance Office, or through the taxation system as a lump sum when they lodge their tax return at the end of the income year.

If you think you may be eligible to claim FTB you will need to read the information on pages 68–71.

INFORMATION

Do you also need *TaxPack 2001 supplement?*

TaxPack is divided into 2 parts:
- *TaxPack 2001* with the *2001 tax return for individuals*
- *TaxPack 2001 supplement* with the *2001 tax return for individuals* (supplementary section).

The list below shows you the questions in *TaxPack 2001* and *TaxPack 2001 supplement*. Please check to see if you need to use the supplement.

TAXPACK 2001

Income

1 Salary or wages
2 Allowances, earnings, tips, director's fees etc.
3 Lump sum payments
4 Eligible termination payments
5 Commonwealth of Australia government allowances and payments like Newstart, youth allowance and austudy payment
6 Commonwealth of Australia government pensions and allowances
7 Other Australian pensions or annuities—including superannuation pensions
8 Attributed personal services income
9 Total reportable fringe benefits amounts
10 Gross interest
11 Dividends

Deductions

D1 Work related car expenses
D2 Work related travel expenses
D3 Work related uniform, occupation specific or protective clothing, laundry and dry cleaning expenses
D4 Work related self-education expenses
D5 Other work related expenses
D6 Interest and dividend deductions
D7 Gifts or donations
D8 Deductible amount of undeducted purchase price (UPP) of an Australian pension or annuity
D9 Cost of managing tax affairs

Losses

L1 Tax losses of earlier income years claimed this income year

Tax offsets (formerly called rebates)

T1 Spouse (without dependent child or student), child-housekeeper or housekeeper
T2 Low income aged person
T3 Superannuation contributions, annuity and pension
T4 30% private health insurance

Private health insurance policy details

Medicare levy related items

M1 Medicare levy reduction or exemption
M2 Medicare levy surcharge—THIS QUESTION IS COMPULSORY FOR ALL TAXPAYERS

Adjustments

A1 Under 18 excepted net income
A2 Part-year tax-free threshold
A3 Amount on which family trust distribution tax has been paid
A4 Amount on which ultimate beneficiary non-disclosure tax was payable

TAXPACK 2001 SUPPLEMENT

Income

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

Deductions

D10 Australian film industry incentives*
D11 Deductible amount of undeducted purchase price of a foreign pension or annuity
D12 Non-employer sponsored superannuation contributions—generally for the self-employed
D13 Other deductions

Tax offsets (formerly called rebates)

T5 Superannuation contributions on behalf of your spouse
T6 Zone or overseas forces
T7 20% tax offset on net medical expenses over $1250
T8 Parent, spouse's parent or invalid relative
T9 Landcare and water facility
T10 Other tax offsets

Credit for interest on tax paid

C1 Credit for interest on early payments—amount of interest

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

AUSTRALIAN NEWSAGENT

If you have not received *TaxPack 2001 supplement* and need to use it, from 1 July to 31 October 2001 you can get a copy from newsagencies displaying this logo. Copies are also available all year from the Australian Taxation Office.

What are your choices for doing your tax return?

You can do it yourself using *TaxPack 2001*

Just follow the instructions and make sure you lodge your tax return by 31 October 2001.

Use *e-tax* and lodge your tax return over the Internet

You can use the Australian Taxation Office's secure electronic tax return preparation and lodgment software—*e-tax 2001*—instead of *TaxPack* to prepare and lodge your tax return. *e-tax* will take you through an on-screen interview, complete your tax return and give you an estimate of your personal income tax refund or tax debt. Most tax returns lodged using *e-tax* are processed within 14 days. For more information on *e-tax*, visit our Internet site at **www.ato.gov.au**

Someone else can do it for you

FAMILY MEMBER OR FRIEND
A family member or friend can help you but they cannot charge you a fee.

TAX HELP COMMUNITY VOLUNTEERS
Tax Help is a network of community volunteers trained to help people prepare their tax returns or claims for a refund of imputation credits.

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

See page 12 in *TaxPack 2001* for more information.

REGISTERED TAX AGENTS
A registered tax agent can prepare and lodge your tax return for a tax deductible fee. A list of registered agents can be found at **www.tabd.gov.au** or you can check with the Tax Agents' Board in your State on **1300 362 829**. If you did not go to a tax agent last year—or you will be going to a different tax agent this year—make sure that you see them before 31 October 2001.

CAUTION Even if someone else—a family member, friend or tax agent—helps you to prepare your tax return, you are still legally responsible for the accuracy of the information.

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

If you need more help

Advice

You can ring the Australian Taxation Office

You can ring the Australian Taxation Office (ATO) if you need assistance with a question in *TaxPack*, including the supplement, or another matter concerning your tax affairs. If you decide to ring us, please have your *TaxPack* or supplement handy. See the inside back cover of *TaxPack* for the right telephone number to ring. If you would like to visit the ATO, our locations are listed on page 124—along with the phone numbers to make an appointment.

You can ask for a taxation ruling

If you have a complex enquiry about your tax affairs, you may want to ask for a private ruling.

To do this, complete an *Application for a private ruling for individuals* (NAT 4106—3.2001). To find out how to get this publication, see the inside back cover of *TaxPack*.

A private ruling relates only to your particular situation. Your tax return should reflect what the private ruling says. You may need to change your tax return if you lodge it before you receive your private ruling.

The ATO publishes on its Internet site all private rulings issued. What we publish will not contain anything which could identify you. For more information, see the *Application for a private ruling for individuals*.

You can ask for a review of your private ruling if you disagree with it even if you have not yet received your assessment. You can find out more about objection procedures from the ATO branch that made your ruling.

Binding Oral Advice

The ATO now provides a service called Binding Oral Advice—oral rulings on simple enquiries where your tax affairs are considered simple in nature.

You can request an oral ruling by phone or in person. To do so you will need to confirm your identity. Your tax file number and most recent notice of assessment will usually be sufficient proof of identity.

We will confirm your eligibility for an oral ruling by asking you a series of questions to confirm that your enquiry and tax affairs are simple.

To get further information or to apply for Binding Oral Advice, ring the Personal Tax Infoline or visit the ATO Internet site—see the inside back cover of *TaxPack*.

Publications

TaxPack referred publications

Because we can't cover everything in *TaxPack*, we will sometimes refer you to other publications that will help you to complete your tax return. Some publications are essential to complete some items. To find out how to get these publications, see the inside back cover of *TaxPack*.

Tax returns

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

TaxPack 2001 and *TaxPack 2001 supplement*

From 1 July to 31 October 2001 you can get additional copies from newsagencies displaying this logo. Copies are also available all year from the ATO.

Completing page 1 of your tax return

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

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

Your tax file number (TFN)

If you already have a tax file number, it will be on your last notice of assessment or your payment summary from your employer or other payer. If you do not have these documents, to find out your TFN ring the tax file number helpline on **13 2863**. We will ask you to provide information confirming your identity and we will post your TFN to you—**we cannot provide TFNs over the phone**.

If you have changed your postal address and you want to find out your TFN, write to us with your request and your new address.

If you do not have a TFN, ring the tax file number helpline on **13 2863** to get a *Tax file number application or enquiry* (NAT 1432—2.2001). With your application you will need to provide original, unaltered documents showing proof of your identity. You will find a list of appropriate proof of identity documents on the application.

Are you an Australian resident?

The tax rates that apply to your taxable income depend on whether or not you are an Australian resident. A higher rate of tax is applied to a non-resident's taxable income and non-residents are not entitled to a **tax-free threshold**. See page 107 for more information.

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

Generally, the ATO considers you to be an Australian resident for tax purposes if:
- you have always lived in Australia or you have come to Australia and live here or
- you have actually been in Australia for more than half of 2000–01—unless your usual home is overseas and you do not intend to live in Australia.

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

Overseas students coming to Australia to study who are enrolled in a course that is more than 6 months long are generally treated as Australian residents for tax purposes.

If you are visiting Australia on a working holiday, you will generally not be considered an Australian resident for tax purposes.

If you need help in deciding whether or not you are an Australian resident for tax purposes, ring the Personal Tax Infoline on the inside back cover of *TaxPack*.

Important: If your residency status for tax purposes has changed during 2000–01, you will need to answer question **A2** on pages 101–2. We need this information to work out your tax-free threshold.

Will you need to lodge an Australian tax return in the future?

This may be your last tax return if:
- your annual taxable income in the future will be below the tax-free threshold, $6000 for 2001–02, or
- your only source of income in the future will be a Commonwealth of Australia government pension or
- you are moving overseas permanently.

Deceased estate—are you lodging a tax return for someone who died during the year?

Page 2 in *TaxPack 2001* will tell you if a tax return is required.

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

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

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

Electronic funds transfer (EFT)

Direct refund

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

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

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

If you are providing details this year write the following information on your tax return:
- the bank state branch (BSB) number. This is a 6-digit number that identifies the financial institution. The BSB number can be found on an account statement or a cheque form. If you do not know the BSB number, or it has less than 6 digits, check with the financial institution. Do not include spaces, dashes or hyphens in the BSB number.
- the account number as shown on the account records. An account statement, cheque book or other document from the financial institution will show this information. You cannot use an account number longer than 9 characters. Do not include spaces in the account number.
- the account name—also called account title—as shown on the account records. Quote the account name as it is shown on the account records. Include a space between each word and between any initials in the account name. Do not print the account type—for example, savings, cheque, mortgage offset.

Direct debit

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

Note

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

INFORMATION

You do not have to pay tax on this exempt income

Exempt income is not included in your assessable income. The most common types of exempt income you may have received are listed here. Some questions in *TaxPack* ask you to show your spouse's exempt income.

For information on the type of payment you received, contact the agency or person that paid you.

Exempt Commonwealth of Australia government pensions, allowances and payments

Pensions

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

Note: *Superannuation Act 1976* and *Defence Forces Retirement Benefits Act 1948* pensions and payments are taxable. Show them on your tax return at item **7.**

Education payments

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

Other payments

- aged person savings bonus
- carer allowance paid under the *Social Security Act 1991*
- child care benefit
- disaster relief payment
- employment entry payment
- family tax benefit
- farm household support payments that have been converted to a grant
- lump sum pension bonus paid under the *Social Security Act 1991* or the *Veterans' Entitlements Act 1986*
- maternity allowance
- maternity immunisation allowance
- mobility allowance paid under the *Social Security Act 1991*
- open employment incentive bonus
- payments from the Commonwealth under the incentives payments scheme relating to certain private health insurance policies
- pharmaceutical allowances paid under the *Social Security Act 1991* or the *Veterans' Entitlements Act 1986*
- remote area allowance
- rent assistance
- self-funded retirees supplementary bonus
- telephone allowance paid under the *Social Security Act 1991* or *Veterans' Entitlements Act 1986*
- Veterans' Affairs loss of earnings allowance

Exempt Defence Force and United Nations payments

- pay and allowances for Defence Force personnel and prescribed civilians who served with certain United Nations peacekeeping forces—your employer will advise you if an amount is exempt
- pay and allowances for part-time service in the Defence Force Reserve and Emergency Reserve Forces
- some allowances paid to Defence Force personnel who served in prescribed overseas areas—your employer will advise you if an allowance is exempt

Other exempt payments

- amounts on which family trust distribution tax has been paid (see question **A3** on page 103)
- child support or spouse maintenance payments
- rent and mortgage relief scheme payments

Note: If you received a Commonwealth of Australia government payment during 2000–01 and are unsure if it is exempt income, ring the Personal Tax Infoline on the inside back cover of *TaxPack*.

INCOME

You will need to complete the *2001 tax return for individuals* (supplementary section) to answer the following income questions. For more information see page 33.

TaxPack 2001 supplement

* new for 2001

TAXPACK 2001

www.ato.gov.au

Question 1 SALARY OR WAGES

STOP

DO NOT SHOW AT THIS QUESTION:

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

Otherwise you may be taxed incorrectly.

Other questions deal with these matters.

Refer to the relevant topics in the Index.

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

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

NO ☐ ▶ Go to question **2**. **YES** ☐ ▼ Read below.

IMPORTANT—New terms used

Under the New Tax System:

- group certificates are now payment summaries
- a tax instalment deduction is now tax withheld
- salary, wages and bonuses etc. are payments received
- employers are payers
- employees are payees.

WHAT YOU NEED

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

- your gross income (in the 'Gross payments' box on your payment summary)
- total tax withheld AND
- your payer's Australian Business Number (ABN) or Withholder Payer Number (WPN).

YOU NEED TO KNOW

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

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

If you are unable to get these documents from your payer, you will need to complete the statutory declaration which is available from the Australian Taxation Office and attach it to page 3 of your tax return.

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

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

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

Completing this question

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

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

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

Step 4 *Write* the amount of gross payments shown on each payment summary, signed copy, letter or statement from your payer, or the statutory declaration you have completed, at **C** to **G** item **1** on your tax return. Do not show cents.

Important If you have more than 5 payment summaries, signed copies, letters or statements from your payers, *complete* steps 2 to 4 in this question for your first 4 documents only. For your 5th and remaining documents leave the **Payer's Australian Business Number** box at the left of **G** blank. Then *add up* the tax withheld shown on your 5th and remaining documents and *write* the total at the left of **G** item **1** on your tax return. Do not show cents.

Add up the amounts of gross payments shown on your 5th and remaining documents and *write* the total at **G** item **1** on your tax return. Do not show cents.

Check that you have . . .

- ✓ printed on your tax return your occupation
- ✓ printed on your tax return the Australian Business Numbers or Withholder Payer Numbers of your payers
- ✓ written on your tax return the amounts of tax withheld
- ✓ written on your tax return the amounts of gross payments
- ✓ attached to page 3 of your tax return the payee's tax return copy of all your payment summaries, signed copies, letters or statements from your payers, or the statutory declarations you have completed
- ✓ kept a copy of your payment summaries, signed copy, letter or statement from each payer. You need to keep these records:
  - for 5 years after the end of the income year or
  - if you are subject to a shorter period of review (see page 4)
    - for 2 years after the due date for payment if you had a taxable notice of assessment or
    - for 2 years from the 30th day after you received your notice advising you that no tax is payable.

Tax Help
SERVING THE COMMUNITY

Are you on a low income?
Free help with your tax return

If you want to complete your own tax return or your application for a refund of imputation credits—and you are a low income earner—but think you may need some assistance, then Tax Help may be the answer.

Our network of community volunteers are trained and supported by the Australian Taxation Office to help taxpayers.

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

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

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

For more information, or to find out where your nearest Tax Help centre is, ring the Personal Tax Infoline on **13 2861**.

Question 2 ALLOWANCES, EARNINGS, TIPS, DIRECTOR'S FEES ETC.

STOP

DO NOT SHOW AT THIS QUESTION:

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

Otherwise you may be taxed incorrectly.

Other questions deal with these matters.

Refer to the relevant topics in the Index.

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

- **allowances**
- **payments of salary, wages, commissions, bonuses etc., including income earned from part-time and casual jobs, from which tax was NOT withheld**
- **tips, gratuities and payments for your services**
- **consultation fees and honoraria—payments for voluntary services?**

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

Do not show at this question amounts already shown at item 1.

NO ☐ ▶ Go to question **3**. **YES** ☐ ▼ Read below.

IMPORTANT—New terms used

Under the New Tax System:

- group certificates are now payment summaries
- a tax instalment deduction is now tax withheld
- salary, wages and bonuses etc. are payments received
- employers are payers
- employees are payees.

WHAT YOU NEED

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

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

YOU NEED TO KNOW

Allowances and earnings from your payer may include:

- car, travel or transport allowances even if they were paid in cash
- allowances for tools, clothing or laundry
- dirt, height, site, risk, meal or entertainment allowances
- allowances for qualifications—for example, a first aid certificate
- any reimbursement of car expenses—calculated by reference to the distance travelled by the car—which is an exempt car expense payment benefit for fringe benefits tax purposes.

Award transport payments

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

These payments are assessable income and must be included at this question.

If you have incurred car or transport expenses associated with these payments, you may be able to claim a deduction at question **D1** or **D2**—see pages 38–47.

Deductions

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

Completing this question

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

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

Step 2 *Add up* all your allowances, earnings and other salary and wage income. Do not include amounts shown at item **1** or required to be shown at items **3** to **9**.

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

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

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

Check that you have . . .

- written on your tax return the total amount of tax withheld from allowances, earnings and other salary and wage income
- written on your tax return the total amount of allowances, earnings and other salary and wage income required to be shown
- attached to page 3 of your tax return the payee's tax return copy of all your payment summaries, signed copies, letters or statements from your payers.

Question 3 LUMP SUM PAYMENTS

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

NO ☐ ▶ Go to question **4**. **YES** ☐ ▼ Read below.

WHAT YOU NEED

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

WHAT ARE THE AMOUNTS AT **A** AND **B**?

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

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

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

STOP

DO NOT SHOW AT THIS QUESTION:

Lump sum payments in arrears shown as lump sum E on your payment summary.

These amounts are dealt with in question **22 Other income** (*TaxPack 2001 supplement*).

Completing this question

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

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

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

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

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

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

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

Check that you have . . .

- ✓ written on your tax return the amounts of tax withheld
- ✓ written on your tax return the amounts of income
- ✓ attached to page 3 of your tax return the payee's tax return copy of all your payment summaries, signed copies, letters or statements from your payers.

Question 4 ELIGIBLE TERMINATION PAYMENTS

Did you receive an eligible termination payment (ETP)?

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

If you have received a lump sum on termination of foreign employment or from a non-resident superannuation fund, you need to read question **19** in *TaxPack 2001 supplement*.

NO ☐ ▶ Go to question **5**. **YES** ☐ ▼ Read below.

YOU NEED TO KNOW

Note

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

Note

You can also find more information in the publications *Eligible termination payments: what you should do when you receive a lump sum payment from your employer* (NAT 2700A—8.2000) and *Eligible termination payments: an individual's guide to lump sum superannuation payments* (NAT 2701A—9.2000). To find out how to get these publications, see the inside back cover of *TaxPack*.

An ETP is:

- a lump sum paid to you by your employer when you retired or ceased employment, such as:
  - a payment in lieu of notice or a 'golden handshake'
  - a payment for unused sick leave or unused rostered days off
  - compensation for loss of a job or wrongful dismissal
  - a bona fide redundancy payment or an approved early retirement scheme payment that exceeded the tax-free threshold for such payments—currently $5062 plus $2531 for each complete year of service
  - a payment received because of invalidity.
- a lump sum payment from a superannuation fund, an approved deposit fund, retirement savings account, a life assurance company or a registered organisation, such as:
  - payments received when you changed your superannuation pension or annuity into a lump sum
  - payments received when you made a withdrawal from an approved deposit fund
  - other payments, excluding a pension or annuity, from a superannuation fund.
- a similar payment to those above, paid to you as the beneficiary of a person who has died—we call this a death benefit ETP. However, if the payments were made to you as the trustee of a deceased estate they must be shown in a trust tax return, not in your tax return for individuals.
- a payment from the Australian Taxation Office of amounts collected from an employer under the Superannuation Guarantee; or paid to the Superannuation Holding Accounts Reserve.
- a payment from the sale of an active asset of a small business which would otherwise be an assessable capital gain—called the CGT exempt component.

If you are still unsure whether the payment you received is an ETP, ring the superannuation helpline on **13 1020** for assistance.

What if your ETP was 'rolled over'?

You roll over your ETP when you transfer a part or all of the ETP to a complying superannuation fund, retirement savings account or an approved deposit fund; or you use part or all of the ETP to buy an annuity. When you roll over some or all of your ETP, the tax payable on the rolled-over component is deferred until the benefit is received. Any tax withheld in 2000–01 is credited to you.

WHAT YOU NEED

- your ETP payment summary. If you have lost it, you will need a letter or statement from your payer that shows all the details of your ETP. If you think the details on your ETP payment summary are wrong, contact the person who prepared it.
- your *Reasonable benefit limit determination* if you have an excessive component. Your reasonable benefit limit (RBL) is the maximum amount of retirement and other employment termination benefits you can receive that are taxed at concessional—reduced—rates. In most cases, the payer of the ETP will have reported the payment to the Australian Taxation

Office (ATO), and we will work out whether your benefit is within your reasonable benefit limit (RBL). The ATO will send you an RBL determination only if some or all of your benefits were above your RBL. We will work out the excessive component and adjust the other components of your eligible termination payment (ETP). These will also be shown on your RBL determination. You then use the information on the RBL determination instead of the related ETP payment summary.

If you are unsure whether you need an RBL determination or if you have any enquiries regarding your RBL, you can ring the superannuation helpline on **13 1020** or write to: RBL Section, Private Bag 6000, Bankstown NSW 1888.

Working out the assessable amount

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

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

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

PART A—Did you roll over all of an ETP?

NO ☐ ▶ Go to part B. **YES** ☐ ▼ Read below.

Your tax on this ETP will be deferred and you do not need to work out its assessable amount for 2000–01. If you have no other ETPs *go to* step 2 of **Completing this question** on page 19.

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

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

NO ☐ ▶ Go to part C. **YES** ☐ ▼ Read below.

Low rate threshold

If you were aged 55 or over when you received your ETP and have a post-June 1983 component shown on your ETP payment summary, some or all of this portion of the ETP may be taxed at a lower rate—up to a lifetime limit called the low rate threshold (see the table on page 18). The limit is indexed each year.

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

Once the limit has been used up, it cannot be used again in future years, though you may use any extra amounts added for annual indexation. If you exceed this limit you will pay tax on the amount in excess of the threshold at the rates set out in the table on page 20.

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

Low rate thresholds for 1988–89 to 2000–01

1988–89	$60 000	1993–94	$77 796	1998–99	$93 731
1989–90	$64 500	1994–95	$79 586	1999–2000	$96 637
1990–91	$68 628	1995–96	$83 168	2000–01	$100 696
1991–92	$73 776	1996–97	$86 495		
1992–93	$76 949	1997–98	$90 474		

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

NO ☐ ▶ Go to **Completing this question**. **YES** ☐ ▼ Read below.
on the next page.

YOU NEED TO KNOW

You cannot roll over a death benefit ETP.

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

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

How death benefit ETPs are taxed

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

Dependant of the deceased

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

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

Ring the superannuation helpline on **13 1020** if you need to know what 'financially dependent' means.

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

If the ATO has issued an RBL determination, the part of the death benefit ETP that is not excessive is not taxable and is not shown anywhere on your tax return. The excessive component is taxable at 47% (plus Medicare levy). *Go to* step 3 in **Completing this question** on the next page.

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

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

In both cases, the Medicare levy will apply.

If the ATO has issued an RBL determination, the part of the death benefit ETP that is not excessive is taxed at the rates shown above. The excessive component is taxed at 47% (plus Medicare levy). *Go to* **Completing this question** on the next page.

Completing this question

You will find the necessary eligible termination payment (ETP) components at 'Section 3 ETP cash payment details' on your ETP payment summary OR on any reasonable benefit limit (RBL) determination.

If you have an ETP payment summary with a non-qualifying amount, ring the superannuation helpline on **13 1020** before completing this question.

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

Step 1 *Add* the assessable amounts shown on your ETP payment summaries. If an RBL determination has been issued in respect of any of your ETP payment summaries, use the amounts in the RBL determination, not the amounts on the ETP payment summary. *Write* the total at **I** item **4** on your tax return. Do not show cents.

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

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

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

Step 4 *Attach* your payee's tax return copy of any ETP payment summaries to page 3 of your tax return.

Check that you have . . .

- written on your tax return the amount of all tax withheld
- written on your tax return the total assessable amount of your eligible termination payments and any excessive component
- attached to page 3 of your tax return the payee's tax return copy of any ETP payment summaries, letters or statements from your employer and any RBL determinations from the Australian Taxation Office
- kept a copy of your ETP payment summaries, letters or statements from your employer. You need to keep these records for 5 years after the end of the income year.

HOW YOUR TAX IS WORKED OUT

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

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

Post-June 1983 component—may be either a 'taxed element' or an 'untaxed element'. Some payments will have both elements present. 'Taxed element' means that the payer—usually a superannuation fund—has paid a contributions tax on this element. 'Untaxed element' means that the payer—usually an employer—has not paid a contributions tax on this element. For this reason the elements are taxed differently as shown in the table on the next page.

Tax rates on post-June 1983 elements

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

Age when received	*Taxed element*	*Untaxed element*
Under age 55	20%	30%
Age 55 or over		
– up to $100 696	0%	15%
– excess over $100 696	15%	30%

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

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

Excessive component—the amount, if any, by which your ETP benefits have exceeded your reasonable benefit limit (RBL). In 2000–01, the RBL is $506 092 if more than half of all benefits are taken as a lump sum and $1 012 181 if more than half of all benefits are taken as a pension. Any excessive component is taxed at the highest marginal rate plus Medicare levy.

Changing the components of your ETP

It may be in your interest to ask the Australian Taxation Office (ATO) to change the components of your ETP if:

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

Your superannuation fund can tell you if you meet any of these conditions. If you think you are entitled to have the components of your ETP changed, ring the superannuation helpline on **13 1020** for assistance.

TERMINATION PAYMENTS SURCHARGE

Note

If you need further information on this question, ring the superannuation helpline on **13 1020**.

A termination payments surcharge will be payable if:

- your ETP was paid to you by your employer AND
- your adjusted taxable income exceeds $81 493.

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

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

The surcharge assessment will be sent after your income tax notice of assessment has been issued. This means that while you may have received a refund on your notice of assessment you may still have a surcharge liability.

Question 5 COMMONWEALTH OF AUSTRALIA GOVERNMENT ALLOWANCES AND PAYMENTS

Did you receive:
- **parenting payment (partnered)**
- **Newstart allowance**
- **youth allowance**
- **mature age allowance and you started to receive the allowance on or after 1 July 1996**
- **partner allowance**
- **sickness allowance**
- **special benefit**
- **widow allowance**
- **austudy payment**
- **exceptional circumstances relief payment, restart income support or farm household support (by way of financial assistance)**
- **ABSTUDY living or dependent spouse allowance or payment under the Veterans' Children Education Scheme and you were 16 years or over**
- **Training for Employment Program allowance; New Enterprise Incentive Scheme allowance; textile, clothing and footwear special allowance; Green Corps training allowance; or other taxable Commonwealth education or training payments**
- **an income support component from a Community Development Employment Project (CDEP)—shown as 'CDEP Salary or Wages' on your *PAYG payment summary—individual non business***
- **a CDEP scheme participant supplement?**

Show your income from these payments here unless your payment was exempt. Check page 9 if you are not sure.

Do not show Student Financial Supplement Scheme amounts at this question. They are not shown anywhere on your tax return.

NO ☐ ▶ Go to question **6**. **YES** ☐ ▼ Read below.

WHAT YOU NEED

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

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

Completing this question

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

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

You may be entitled to a tax offset on this income

If you received one or more of the payments listed above, you may be entitled to a beneficiary tax offset (formerly called rebate). You do not have to work out your tax offset. We work it out for you from the income you show at **A** item **5**. If you want to work it out before you receive your notice of assessment, you can use the table on page 110.

Question 6

COMMONWEALTH OF AUSTRALIA GOVERNMENT PENSIONS AND ALLOWANCES

STOP

DO NOT SHOW AT THIS QUESTION:

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

Otherwise you may be taxed incorrectly.

Other questions deal with these matters.

Refer to the relevant topics in the Index.

Did you receive a Commonwealth of Australia government:

- **age pension**
- **bereavement allowance**
- **carer payment**
- **disability support pension and you have reached age pension age**
- **mature age allowance and you started to receive the allowance before 1 July 1996**
- **mature age partner allowance**
- **parenting payment (single)**
- **widow B pension**
- **wife pension**
- **age service pension**
- **income support supplement**
- **invalidity service pension and you have reached age pension age**
- **partner service pension?**

Show your income from these payments here unless your payment was exempt. Check page 9 if you are not sure.

NO ☐ Go to question **7**. **YES** ☐ Read below.

WHAT YOU NEED

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

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

- your spouse's notional taxable income—this is the taxable income of your spouse, married or de facto, plus any exempt pensions listed on page 9.

Completing this question

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

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

Step 3 *Work* through the **Tax offset code letters** table on the next page and decide if your situation is covered by **Standard circumstances** or the **Exceptional circumstance**. If appropriate use the section **Where more than one code letter applies** to select your tax offset code letter.

YOU NEED TO KNOW

Your tax offset code letter tells us the amount of tax offset your entitlement will be based on. Tax offsets (formerly called rebates) may reduce the amount of tax you have to pay. If you do not print a code letter on your tax return or you print an incorrect code letter, processing of your tax return may be delayed.

Tax offset code letters

Standard circumstances

If at any time during 2000–01 while you were receiving a Commonwealth of Australia government pension or allowance listed at question **6**:

• you were single or widowed	**S**
• you were separated	**S**
• you and your spouse—married or de facto—lived together	**P**
• you and your spouse—married or de facto—had to live apart due to illness or either of you was in a nursing home	**I**

Exceptional circumstance

If you are a social security recipient (Centrelink) and immediately BEFORE 12 March 1992:

- you were receiving a Commonwealth of Australia government pension or allowance listed at question **6** AND
- you had a spouse—married or de facto—AND
- your spouse was NOT receiving any of the Commonwealth of Australia government pensions or allowances listed at question 6, any exempt pensions listed on page 9 or any of the first 9 listed allowances and payments at question **5** AND
- these conditions have applied continuously since then **S**

If you do not meet all these conditions, **Standard circumstances** above apply to you.

Where more than one code letter applies

• If both **I** and **P** apply to you, use	**I**
• If **S**, **I** and **P** all apply to you, use	**J**
• If both **S** and **I** apply to you, use	**J**
• If both **S** and **P** apply to you, use	**Q**

Note 'Had to live apart due to illness' is a term that relates to the payment of pensions. This would apply to you if you were paid the pension at a higher rate because you were separated due to illness. If you are unsure check with Centrelink or the Department of Veterans' Affairs.

Step 4

Print your tax offset code letter in the small box ☐ at the right of **B** item **6** on your tax return.

Step 5

If you have used **S** *go to* **Check that you have** in the next column.

Have you used **P**, **Q**, **I** or **J**? If so, and:

- your spouse received any of the Commonwealth of Australia pensions or allowances shown at this question, or any of the exempt pensions listed on page 9, and
- on 30 June 2001, you were not getting any of the Commonwealth of Australia allowances or payments listed at question **5**

you must complete **Spouse details—married or de facto** on pages 6–7 of your tax return.

Provide relevant details including:

- your spouse's taxable income at **O**—if this amount is zero, *write* **'0'**
- your spouse's government pensions (listed at this question) at **P**—if this amount is zero, *write* **'0'**
- your spouse's exempt pension at **Q**—if this amount is zero, *write* **'0'**.

If both you and your spouse received any of the Commonwealth of Australia government pensions or allowances listed at this question—or you received such a pension and your spouse received any exempt pensions listed on page 9—you may be able to get any unused portion of your spouse's pensioner tax offset. By using the amounts you write on the spouse details section of your tax return we will work out if you are entitled to have the unused portion transferred to you. In working out if there is any unused spouse's pensioner tax offset available for transfer, your spouse's other credits and tax offsets are not taken into account. If an unused amount is available, we will make sure it is taken into account in working out your tax offset.

Check that you have . . .

- ✓ written on your tax return the total amount of tax withheld
- ✓ written on your tax return the total amount of income you received
- ✓ printed on your tax return your tax offset code letter
- ✓ if required, written on the spouse details section of your tax return your spouse's income details
- ✓ attached to page 3 of your tax return your letter and/or the payee's tax return copy of all payment summaries.

DO YOU WANT TO WORK OUT YOUR TAX OFFSET?

You do not have to work out your tax offset. We will work it out for you from your taxable income details and your tax offset code letter. Make sure you print your code letter on your tax return.

If you do want to work out your tax offset, *go to* page 111.

Question 7 OTHER AUSTRALIAN PENSIONS OR ANNUITIES

Did you receive any income from an Australian:
- **annuity**
- **superannuation or other pension not shown at question 6?**

Do not show foreign pensions or foreign annuities at this question. Refer to the Index.

NO ☐ ▶ Go to question **8**. **YES** ☐ ▼ Read below.

INCOME

Note

Superannuation funds and retirement savings account (RSA) providers can use tax file numbers (TFNs) to keep track of superannuation benefits. If your fund or RSA provider has your TFN, you will pay less tax on your benefit. You can ring or write to your fund or RSA provider and quote your TFN.

YOU NEED TO KNOW

Australian annuities and pensions include:
- superannuation and similar pensions and annuities paid to you by an Australian superannuation fund, RSA provider, registered organisation or life assurance company
- pensions paid by a fund established for the benefit of Commonwealth, State or Territory employees and their dependants.

WHAT YOU NEED

Your *PAYG payment summary—individual non business* or statement from your Australian annuity, superannuation, other pension fund or RSA provider—attach it to page 3 of your tax return. If you have not received your payment summary or statement, or you have lost it, contact your payer to obtain a copy.

Completing this question

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

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

Step 3 *Add up* all the gross amounts shown on your payment summaries and statements and *write* the total amount at **J** item **7**. Do not show cents.

Undeducted purchase price

If your annuity or pension has an undeducted purchase price, you may be able to claim the deductible amount of your undeducted purchase price at question **D8**.

Superannuation tax offset

You may be entitled to a tax offset for your annuity or pension. *Read* question **T3** on pages 81–3 to find out more about this tax offset.

Low income aged person tax offset

You may be entitled to a low income aged person tax offset. *Read* question **T2** on pages 79–80 to find out more about this tax offset.

Question 8 ATTRIBUTED PERSONAL SERVICES INCOME

new for 2001

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

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

Where you have provided personal services for reward, and the payment for your services was made to you as a sole trader, your answer to this question is **NO**. In that case you must answer question **13** in *TaxPack 2001 supplement* and complete item **P1** in the *2001 business and professional items schedule*. To find out how to get these publications, see the inside back cover of *TaxPack*.

STOP

DO NOT SHOW AT THIS QUESTION:
amounts shown on a *PAYG payment summary—individual non business*. You should have already shown these amounts at question **1 Salary or wages**.

NO ☐ Go to question **9**. **YES** ☐ Read below.

WHAT YOU NEED

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

YOU NEED TO KNOW

New rules for the income tax treatment of certain personal services income came into force on 1 July 2000.

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

Where the payment has been made to a personal services entity the income, less any deductions allowable from the income to the personal services entity, will be attributed to you unless:

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

If you need help in relation to these rules ring the business tax reform information line on **1300 137 619** or visit the Australian Taxation Office Internet site. See the inside back cover of *TaxPack*.

Completing this question

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

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

Check that you have . . .

- ✓ written on your tax return the amounts of tax paid or withheld
- ✓ written on your tax return the amounts of personal services income attributed to you
- ✓ attached to page 3 of your tax return the payee's tax return copy of your payment summary.

TOTAL TAX WITHHELD COMPLETING THIS ITEM

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

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

Tax offsets and your tax withheld

If your tax offset or family tax benefit entitlements have changed since you last filled in a *Withholding declaration* authorising your payer to vary the amount of tax withheld, you may need to fill in a new declaration. Contact your payer for more information. Pages 72–88 tell you about tax offsets. For more information about family tax benefit see pages 68–71.

Additional tax withheld for the Higher Education Contribution Scheme

If you have a Higher Education Contribution Scheme (HECS) debt, the additional tax withheld from your pay forms part of your normal tax withheld—shown on your payment summary—and is therefore already included in the total amount you show at $ item **TOTAL TAX WITHHELD** on your tax return. Page 106 shows you how your tax is worked out.

Question 9 TOTAL REPORTABLE FRINGE BENEFITS AMOUNTS

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

NO ☐ ▶ Go to question **10**. **YES** ☐ ▼ Read below.

WHAT YOU NEED

- your *PAYG payment summary—individual non business*

YOU NEED TO KNOW

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

Your employer has to keep records of the value of any fringe benefits given to you and/or your associate, but only needs to show the fringe benefits on your payment summary if their taxable value exceeds $1000 in the fringe benefits tax (FBT) year 1 April 2000 to 31 March 2001.

However, your employer has to gross-up the taxable value of the fringe benefits for reporting purposes to ensure their value is consistent with other forms of income on your payment summary. As you do not pay income tax on fringe benefits, the grossed-up taxable value of a benefit includes the amount of income tax that you would have paid, had you received cash salary rather than the fringe benefit. The highest marginal rate of income tax plus Medicare levy is used, so that a fringe benefit having a taxable value of $1001 becomes a reportable fringe benefits amount of $1943.

Therefore, if you have a reportable fringe benefits amount shown on your payment summary which is less than $1943, you will need to check with your employer about the amount or the method of calculating the amount.

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

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

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

Note

For further information you or your employer can ring the FBT information line on **13 3328**.

Completing this question

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

Step 2 *Write* the total at **W** item **9** on your tax return. Do not show cents.

Question 10 GROSS INTEREST

STOP

DO NOT SHOW AT THIS QUESTION:

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

Other questions deal with these matters.

Refer to the relevant topics in the Index.

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

Include interest earned from financial institution accounts and term deposits—unless you are a non-resident and have paid non-resident withholding tax on that interest.

Include any interest you received from, or were credited with by, the Australian Taxation Office (ATO).

NO ☐ ▶ Go to question **11**. **YES** ☐ ▼ Read below.

Children's accounts

If you open or operate an account for a child and the funds in that account belong to you, or you spend or use the funds in the account as if they belong to you, you must include any interest from the account at this question. *Taxation Ruling IT 2486—Children's savings accounts* has more detail. To find out how to get this ruling, see the inside back cover of *TaxPack*.

Non-residents

Withholding tax paid by non-residents is a final tax. If you are not an Australian resident for tax purposes, do not include interest at this question if withholding tax was deducted from the interest by your financial institution. However, if you have not paid withholding tax on any interest you earned, you need to show that interest at this question so that the ATO can work out the amount of withholding tax you have to pay on this interest. The ATO will advise you of this amount.

WHAT YOU NEED

- your passbook, your statement or other documentation from your financial institution or other source that shows 2000–01 income
- any ATO notice of assessment or amended assessment you received during 2000–01 that shows interest on early payments or interest on overpayments.

Step 1 Using your records, *add up* all the amounts of gross interest received by or credited to you. You do not have to show an amount if the total gross interest you earned from all accounts during the year is less than $1.

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

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

Note

Do not deduct from your interest amount account keeping fees, charges and Financial Institutions Duty. You may be able to claim these at item **D6 Interest and dividend deductions**.

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

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

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

Question 11 DIVIDENDS

STOP

DO NOT SHOW AT THIS QUESTION:

- dividends that you received, or are entitled to receive, as part of a distribution from a **partnership** or **trust**—including a cash management, money market, mortgage, property, unit or similar trust investment product
- that part of a dividend or distribution on which **family trust distribution tax** has been paid.

Other questions deal with these matters.

Refer to the relevant topics in the Index.

Did an Australian company, corporate unit trust, public trading trust or corporate limited partnership pay or credit you with any dividends or distributions?

If you carried on the business of trading in shares include any dividend income and imputation credits at this question; if you have a profit or loss on the sale of shares, read question **14** in *TaxPack 2001 supplement*.

Do not claim dividend expenses here. Claim them at question **D6**.

If you were paid or credited with dividends from a foreign company you must read question **19** in *TaxPack 2001 supplement*.

If you sold shares during the year you must read question **17** in *TaxPack 2001 supplement* to see if you need to show a capital gain or loss.

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

YES ☐ ▼ Read below.

YOU NEED TO KNOW

You need to show at this question all your assessable dividends including those directly paid to you, dividends applied under a dividend reinvestment plan, dividends which are otherwise dealt with on your behalf, and bonus shares which qualify as dividends.

Dividends include distributions made by a corporate limited partnership. This is a partnership taxed in accordance with Division 5A of Part III of the *Income Tax Assessment Act 1936*.

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

Example

Anastasia received a dividend statement notifying her of a final dividend for the year ended 30 June 2000. The payment date shown on the dividend statement was 30 September 2000. Anastasia must include the amount of the dividend as part of her assessable income for the year ended 30 June 2001—on her 2000–01 tax return.

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

If you are a shareholder, or an associate of a shareholder, of a private company and received payments or loans from the company or had debts forgiven by the company, the value of those payments, loans or debts forgiven are deemed to be dividends unless they are specifically excluded under the provisions of Division 7A of Part III of the *Income Tax Assessment Act 1936*.

Deemed dividends must be combined with any unfranked dividends you received and be included in your assessable income at **S** item **11** on your tax return. For more information, read the publication *You and your shares* (NAT 2632—6.2001). To find out how to get this publication, see the inside back cover of *TaxPack*.

Non-residents

If you are not an Australian resident for tax purposes, do not include dividend income at this question if:

- the dividend was fully franked
- the dividend was not fully franked but withholding tax was withheld from the unfranked amount by the company that paid you the dividend.

Don't leave it too late!

Did you:

- purchase or inherit any shares
- receive any shares as part of a divorce settlement or as a gift?

If YES, start keeping records now. Incomplete records could mean paying more tax when you dispose of your shares. For further information about shares and other assets that attract capital gains tax and the records you need to keep, see the publication *Guide to capital gains tax* (NAT 4151—5.2001). To find out how to get this publication see the inside back cover of *TaxPack*.

If your dividends were not fully franked and you have not paid withholding tax on your dividends, you will need to include them at this question so that the Australian Taxation Office (ATO) can work out the amount of withholding tax you have to pay on these dividends. The ATO will advise you of this amount.

IMPUTATION SYSTEM

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

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

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

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

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

- that part of the dividend on which family trust distribution tax has been paid. (The company or corporate limited partnership that paid the dividend should tell you if family trust distribution tax has been paid on it.) These dividends are exempt income and the shareholder cannot claim the imputation credit
- a dividend which is included in a trust distribution on which ultimate beneficiary non-disclosure tax has been paid. (The trustee will let you know if a distribution fits this category.)
- dividends where the shareholder has engaged in franking credit trading and failed to satisfy the holding period rule or the related payments rule
- dividends to the extent that a franking tax offset is denied because the shareholder has exceeded the small shareholder franking tax offset ceiling contained in the franking credit trading rules.

Note

If you are an investor in a Film Licensed Investment Company (FLIC) you may have received a notice from the company advising that it is returning to you an amount of concessional capital. For tax purposes, this is a franked dividend. The FLIC will advise you of the amount of your dividend and the imputation credit. Use the information on the notice to complete this question.

Franking credit trading—qualified persons

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

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

If you have failed the holding period rule, and the related payments rule does not apply to you, you may still be entitled to a franking tax offset if you qualify for the small shareholder exemption. The small shareholder exemption imposes a maximum franking tax offset ceiling of $5000 on all of your franking tax offset entitlements in a given year, whether received directly, or indirectly through a trust or partnership.

If any of these measures are likely to affect you read the publication *You and your shares*. To find out how to get this publication, see the inside back cover of *TaxPack*.

Unfranked dividends

Unfranked dividends are paid by an Australian resident company that has not already paid Australian company tax. If the dividend is unfranked, you are not entitled to a franking tax offset. The unfranked dividend is taxed in the same way as your other income and must be included in your assessable income at **S** item **11** on your tax return. If you did not quote your tax file number (TFN) to your investment body for shares or units held, tax may have been withheld from any unfranked dividends at the highest marginal rate plus the Medicare levy, a total of 48.5 per cent.

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

Franked dividends

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

Imputation credit

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

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

For more information, read the publication *You and your shares*. To find out how to get this publication, see the inside back cover of *TaxPack*.

WHAT YOU NEED

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

These should show:

- the amounts of unfranked and franked dividends you received
- the amounts of imputation credit—which the company has already worked out
- the TFN amounts withheld from unfranked dividends.

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

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

Completing this question

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

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

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

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

Example of how to show unfranked and franked dividends

In the following example, the imputation credits attached to dividends are class C credits from dividends franked at the new company tax rate of 34 cents. Dividends can also be partly franked or unfranked. Your statement from the company, corporate unit trust, public trading trust or limited partnership will show the amount to which your dividends have been franked.

a) Ranjini received dividends from XYZ Ltd. Fully franked dividends of $66 and a $34 imputation credit are shown on her dividend statement.

b) Ranjini was entitled to receive a dividend of $100 from DEF Phones Ltd and she did not quote her tax file number (TFN). Her statement showed a TFN amount of $48.50 was withheld and she was paid $51.50 as an unfranked dividend. The unfranked amount to be shown on her tax return is $51.50 plus the TFN amount withheld of $48.50, a total of $100.

c) Ranjini received dividends from UVW Corporate Unit Trust. $50 in unfranked dividends, $66 in franked dividends and a $34 imputation credit are shown on her dividend statement.

d) Ranjini was entitled to receive a dividend of $232 from JKL Pty Ltd and she did not quote her TFN. $100 was unfranked and $132 was fully franked. Her statement from the company showed a TFN amount of $48.50 was withheld from the unfranked dividend and a payment of $51.50 was made to her. The unfranked amount to be shown on her tax return is $51.50 plus the TFN amount withheld of $48.50, a total of $100. She was also entitled to a franked dividend of $132 and an imputation credit of $68. No TFN amount is withheld from franked dividends.

	Company or trust	*Unfranked amount **	*Franked amount*	*Imputation credit*	*TFN amounts withheld from dividends*
a)	XYZ Ltd	$ 0.00	$ 66.00	$ 34.00	$ 0.00
b)	DEF Phones Ltd	$100.00	$ 0.00	$ 0.00	$48.50
c)	UVW CU Trust	$ 50.00	$ 66.00	$ 34.00	$ 0.00
d)	JKL Pty Ltd	$100.00	$132.00	$ 68.00	$48.50
	Total	S $250.~~00~~	T $264.~~00~~	U $136.~~00~~	V $97.00

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

Check that you have . . .

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

I INCOME FROM THE SUPPLEMENTARY SECTION

CAUTION Read this question carefully—you may need to use *TaxPack 2001 supplement*.

Did you derive any of the following types of income?

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

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

YES ☐ ▼ You must complete the *2001 tax return for individuals* (supplementary section). Read below.

If you have personal services income, net income or loss from business or deferred non-commercial business losses you will need to read the publication *Business and professional items* (NAT 2543—6.2001) and complete the *2001 business and professional items schedule* and attach it to page 3 of your tax return.

Completing this item

Step 1

Complete the page 9 details on your tax return. Use *TaxPack 2001 supplement* to complete the Income section.

Step 2

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

AUSTRALIAN NEWSAGENT

The supplementary section of the tax return is located in the back of *TaxPack 2001 supplement*. If you don't already have a copy of *TaxPack 2001 supplement*, from 1 July to 31 October 2001 you can get a copy from newsagencies displaying this logo. Copies are also available all year from the Australian Taxation Office.

TOTAL INCOME OR LOSS

You have now reached the end of the Income section.

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

- The more common types of **exempt income** are listed at page 9 in *TaxPack 2001*. **Generally your exempt income is not included in your tax return**.
- You must have shown all of your income for tax purposes—the *Taxpayer's declaration* on page 8 of your tax return will require you to sign that this is true. Pages 10–33 in *TaxPack 2001* give you the information you need to show the right amounts. If you still have income that you have not put at any item and it is not exempt income, you will need to go back through the Income section and include it.

If you are in any doubt, ring the Personal Tax Infoline on the inside back cover of *TaxPack*.

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

- If you have not been able to complete any of the income items because you do not have all the documents you need to work out the right amount—for example, a payment summary—do not complete this section yet.
- Remember that you have until 31 October 2001 to lodge your tax return. You should not lodge your tax return early if it is incomplete. If you think you will still be missing information on 31 October, ask the Australian Taxation Office if you can lodge at a later date. Page 4 in *TaxPack 2001* tells you how.

Completing this item

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

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

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

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

TAXPACK 2001

DEDUCTIONS

TaxPack 2001* *supplement

You will need to complete the *2001 tax return for individuals* (supplementary section) to claim for the following deductions. For more information see page 61.

www.ato.gov.au

Claiming deductions for expenses that relate to your work as an employee

You can claim deductions for work related expenses you incurred while performing your job. Generally, a work related expense is incurred when you have spent the money or paid by cheque or credit card. In some cases, you will have incurred a work related expense when you received a bill or invoice for the expense which you are liable for and must pay. Refer to *Taxation Ruling TR 97/7—Meaning of incurred* for more information about when an expense is incurred. To find out how to get this ruling, see the inside back cover of *TaxPack*.

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

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

- You must have incurred the expense in 2000–01.
- You cannot claim an expense which has been or will be reimbursed to you by your employer or any other person.
- You must have incurred the expense in the course of earning your assessable income and it must not be private, domestic or capital in nature. For example, the costs of normal travel to and from work or buying lunch each day are private. If you incurred an expense that was both work related and private or domestic, you can only claim a deduction for the work related portion of the expense.
- If you incurred an expense for services paid in advance, read **Advance expenditure** below to decide whether the whole of the expense is allowable in 2000–01.
- You must be able to substantiate your claims with written evidence if the total claimed is greater than $300.
- You need to be able to show how you worked out your claims if the total claimed is $300 or less—you do not need written evidence.

Note

If your income comes from carrying on a business, claim your business expenses in the *2001 business and professional items schedule*. See questions **13** and **14** *TaxPack 2001 supplement*.

Advance expenditure

You must follow the apportionment rules for advance expenditure if it is for a service costing more than $1000 and the service extends for a period of more than 13 months. Under these rules you may be entitled to claim only part of the expenditure this year and the rest in future tax returns. If you need to know more, ring the Personal Tax Infoline on the inside back cover of *TaxPack*.

Allowances

Receiving an allowance from your employer does not automatically entitle you to a deduction—you must still meet the basic rules listed above to make a claim.

You can claim only the total amount you incurred even if the allowance is more. For example, if you received a tools allowance of $500 and your tool expenses were $400, you must include the whole amount of the allowance at item **2** on your tax return and the deduction you can claim at item **D5** is $400.

Claims of more than $300—records you need to keep

If your total claims exceed $300, keep written evidence to prove the total amount, not just the amount over $300. The $300 limit does not include claims for car, meal allowance, award transport payments allowance and travel allowance expenses. You must have written evidence to prove your claims for these expenses. There are some exceptions to the written evidence rule—explained in the relevant questions.

Written evidence

Written evidence can be:

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

Don't leave it too late!

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

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

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

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

Your records must show the same details as a document from a supplier as described on the previous page.

How long you need to keep your records

You must keep your written evidence for 5 years from 31 October or, if you lodge later, for 5 years from the date you lodge your tax return. If at the end of this period you are in a dispute with the Australian Taxation Office (ATO) that relates to a work expense, you must keep the relevant records until the dispute is resolved.

For depreciation expenses, you must keep records for the entire period over which you depreciate an item. You must keep your records for a further 5 years from the date of your last claim. The 5 years start on 31 October or, if you lodge later, from the date you lodge your tax return. This period is extended if, when the 5 years end, you are in a dispute with the ATO that relates to the depreciation claim.

Example—Keeping records

Lizzie buys a computer for $4000 in July 1997. Lizzie uses her computer for work 60 per cent of the time. She claimed 60 per cent of the depreciation on the cost of her computer over 4 years. Her last claim for depreciation is in her 2000–01 tax return which she lodges on 15 October 2001.

She must keep her records until 31 October 2006. If at this time she is in a dispute with the ATO that relates to this claim, she must keep her records until the dispute is resolved.

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

Why you need to keep your records

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

Claims of $300 or less

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

Questions D1 to D5 show you how to claim deductions for expenses that relate to your work as an employee.

Extra information for some occupations

The ATO provides special information for 16 occupations:

- airline employees
- Australian Defence Force members
- building workers
- cleaners
- lawyers
- factory workers
- hairdressers
- hospitality industry employees
- journalists
- nurses
- performing artists
- police officers
- real estate employees
- shop assistants
- teachers
- truck drivers

Your employer, trade union or association should have copies of this information. Otherwise, see the inside back cover of *TaxPack* to find out how to get it.

If you would like to know more about keeping records, read Taxpayers' Charter explanatory booklet 2—*Your honesty and the tax system* (NAT 2550—7.1999) and booklet 13—*Keeping records* (NAT 2561—7.1999). To find out how to get these publications, see the inside back cover of *TaxPack*.

Question D1

WORK RELATED CAR EXPENSES

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

Do not include expenses for vehicles other than cars—for example, motorcycles, utility trucks or panel vans with a carrying capacity of 1 tonne or more, or any other vehicle with a carrying capacity of 9 or more passengers. Show them at item **D2**.

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

NO ☐ ▶ Go to question **D2**. **YES** ☐ ▼ Read below.

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

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

If you own or lease a car or hire a car under a hire purchase agreement, you can use one of the 4 methods explained in this question to claim your work related car expenses. Depending on the method you choose, you will need to know or estimate your business kilometres. Business kilometres are the kilometres the car travelled in the course of using it for work related purposes.

CAUTION

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

YOU NEED TO KNOW

Using your car for work

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

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

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

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

You can claim the cost of using your car to travel directly between 2 separate places of employment—for example, when you have a second job.

Example

Sue is a clerk at a large department store who travels in her own car from her normal workplace to her second job as a waitress. After finishing work as a waitress, she travels directly home. The cost of travel from her normal workplace to her second job is an allowable deduction.

However, Sue cannot claim the cost of travelling from her second job to her home.

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

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

Example

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

Sue can claim the cost of each journey.

WHAT YOU MAY NEED

- written evidence to show details of your car expenses—receipts, invoices or diary entries
- car logbook and odometer records
- *Guide to depreciation* (NAT 1996—6.2001)
- *Practice statement PS 1999/2*
- *Taxation Ruling TR 2000/6—Substantiation rules: calculation of balancing adjustments for cars*

To find out how to get these publications, see the inside back cover of *TaxPack*.

CALCULATING YOUR DEDUCTION

You can use one of 4 methods summarised below to work out your car expenses.

METHOD 1—Cents per kilometre method

- Your claim is based on a set rate for each business kilometre.
- You are able to claim a maximum of 5000 business kilometres.
- You do not need written evidence.

METHOD 2—12 per cent of original value method

- Your claim is based on 12 per cent of the original value of the car.
- The value is subject to depreciation cost limits.
- Your car must have (or would have) travelled more than 5000 business kilometres.
- You do not need written evidence.

METHOD 3—One-third of actual expenses method

- Your claim is based on one-third of each car expense.
- Your car must have (or would have) travelled more than 5000 business kilometres.
- You need written evidence or odometer records for fuel and oil costs.
- You need written evidence for all other car expenses.

METHOD 4—Logbook method

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

You can choose the method that gives you the largest deduction as long as you have the evidence required for that method.

Note There are special rules for jointly owned cars. For example, where a car is owned by 2 people—each owning half—under METHOD 2—12 per cent of original value method, each joint owner would claim 6 per cent. *Practice statement PS 1999/2* tells you more about these rules.

Depreciation

If you are claiming a depreciation expense you should refer to the publication *Guide to depreciation* which contains details of changes to the depreciation calculation and balancing adjustments that apply to cars acquired on or after 21 September 1999.

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

Some important things to remember when you are calculating your depreciation expense:

- Depreciated value is worked out on the cost of the car from the day you purchased it or hired it under a hire purchase agreement even if you have not used it for work related purposes.
- You can only claim a depreciation expense in a year you use the car for work related purposes.
- You will need to apportion your depreciation expense where the car is used privately as well as for work related purposes or where you owned the car for part of the year.
- When calculating a depreciation expense the cost of the car is limited to the depreciation cost limit. The depreciation cost limits are shown on page 41 METHOD 2.

- If you lease a luxury car special rules apply which require you to claim depreciation based on the depreciation cost limit—if you use METHOD 3 or METHOD 4. A car is considered to be a luxury car where the cost of the car—whether new or secondhand—at the time the lease begins is more than the depreciation cost limit applying for that year. Ring the Personal Tax Infoline on the inside back cover of *TaxPack* to find out what these special rules are.

Was your car disposed of, lost or destroyed?

If so, a balancing adjustment may need to be made where you have claimed depreciation on the car and you have:

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

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

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

Taxation Ruling TR 2000/6—Substantiation rules: calculation of balancing adjustments for cars explains how to make the calculation for (a) and the publication *Guide to depreciation* explains how to make the calculation for (b) and (c). To find out how to get these publications, see the inside back cover of *TaxPack*.

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

Important: A balancing adjustment is not required if you have used only the cents per kilometre or 12 per cent of original value method for calculating car expenses for the car.

Award transport payments

Award transport payments are allowances covering either transport expenses or car expense reimbursements which are paid under an industrial law or award that was in force on 29 October 1986. The car expense reimbursement is calculated in respect of a certain number of kilometres.

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

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

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

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

If you also have a claim for any additional kilometres not covered by the award transport payment, you can make the claim at this question but you can only use METHOD 4—the logbook method—with written evidence or METHOD 1—the cents per kilometre method. Remember, any kilometres travelled that are covered by the award transport payment and claimed at question **D2** are not counted as business kilometres under either method but they are counted as part of the total kilometres travelled for METHOD 4. If you do not know how many business kilometres relate to your award transport payment you can make a reasonable estimate.

Alternatively, you may choose not to limit any part of your claim for work related car expenses to the 29 October 1986 amount of the award transport payment. If this is the case make the claim at this question—do not claim car expenses covered by your award transport payment at question **D2**. When making your car expense claim at this question you can use any of the 4 methods, and any work related kilometres travelled that are covered by the award transport payment are treated as business kilometres. You will need to satisfy the written evidence required by the particular method you select.

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

Example

Val travelled 22 000 kilometres in total during 2000–01. She received an award transport payment of $2000 which, under her award, covered travel of 5000 work related kilometres. The award transport payment as at 29 October 1986 was $1400. She also travelled an additional 6000 business kilometres that were not covered by her award transport payment.

Val has to show the $2000 at item **2**. She can claim her car expenses in one of the following ways:

- only claim $1400 at item **D2** or
- claim $1400 at item **D2** and then use 5000 of her 6000 business kilometres towards a claim for total car expenses at item **D1** using the cents per kilometre method. See METHOD 1 on the next page or
- claim $1400 at item **D2** and then use the 6000 business kilometres towards a claim for total car expenses using METHOD 4 on page 42 if she has written evidence. She divides the 6000 business kilometres by the 22 000 total kilometres to work out her business use percentage:

$$\frac{6000}{22\,000} \times 100 = 27\% \text{ or}$$

- not claim the $1400 at item **D2** and treat the kilometres covered by the award transport payment as business kilometres. This gives her a total of 11 000 business kilometres towards a claim for total car expenses using METHOD 4 on page 42 if she has written evidence. She divides the 11 000 business kilometres by the 22 000 total kilometres to work out her business use percentage:

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

METHOD 1—Cents per kilometre method

You can use this method to claim a maximum of 5000 business kilometres per car even if you have travelled more than 5000 business kilometres. For example, if you travelled 5085 business kilometres and you want to use this method, you can only claim the cost of travelling 5000 kilometres. You cannot claim for the extra 85 kilometres.

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

Step 1

Multiply the total business kilometres travelled—a maximum of 5000 for each car—by the number of cents allowed for the engine capacity of your car. *Divide* your answer by 100 to work out the amount in dollars that you can claim.

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

Rates per business kilometre

Ordinary car engine capacity	*Rotary engine car—engine capacity*	*Cents per—kilometre*
1600cc (1.6 litre) or less	800cc (0.8 litre) or less	48.9 cents
1601cc–2600cc (1.601 litre–2.6 litre)	801cc–1300cc (0.801 litre–1.3 litre)	58.5 cents
2601cc (2.601 litre) and over	1301cc (1.301 litre) and over	59.5 cents

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

Step 2

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

METHOD 2—12 per cent of original value method

You can use this method if you used your car to travel more than 5000 business kilometres in 2000–01. This method is also available if you would have used your car to travel more than 5000 business kilometres if you had used it for the whole of 2000–01.

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

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

Depreciation cost limits for the last 10 years

2000–01	$55 134 (unchanged)
1999–2000	$55 134
1998–99	$55 134
1997–98	$55 134
1996–97	$55 134
1995–96	$52 912
1994–95	$51 271
1993–94	$48 415
1992–93	$47 280
1991–92	$45 462

Step 1

Multiply the cost of the car or the depreciation cost limit, whichever is less, by 12 and *divide* the result by 100. This is the amount you can claim if you owned or leased your car for the whole of 2000–01 and used it for work during that year.

If you are using this method to claim a deduction for more than one car that belongs to you or you leased, *work out* the amount you can claim for each car. *Add up* the amounts you have worked out. If you owned or leased the car for the whole of 2000–01, *go to* step 3. Otherwise, *read on*.

Step 2

If you did not own or lease the car for the whole of 2000–01, you need to work out if you can use this method. First *work out* the number of days you owned or leased the car.

If you travelled 5000 business kilometres or less, *multiply* the number of business kilometres you travelled by 365 and *divide* the result by the number of days you owned or leased the car during 2000–01. This is considered to be the number of kilometres you would have travelled if you had used the car for the whole year.

If your answer is more than 5000 or you travelled more than 5000 business kilometres, you can use this method to claim your expenses. *Go to* **Working out the amount you can claim**. Otherwise, *use* METHOD 1 or 4.

Working out the amount you can claim

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

Example

Terry bought a car on 1 March 2001 for $40 000 and he travelled 3600 kilometres for work between 1 March 2001 and 30 June 2001 (122 days).

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

A As he travelled less than 5000 business kilometres, Terry multiplies the business kilometres he travelled by 365 and divides the result by the number of days he owned the car.

$$\frac{3600 \times 365}{122} = 10\,770$$

Because this is more than 5000 business kilometres, he is able to use this method.

B Terry follows the instructions in step 1 to get 12 per cent of the cost of the car.

$$\frac{\$40\,000 \times 12}{100} = \$4800$$

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

$$\frac{\$4800 \times 122}{365} = \$1605$$

This is the amount Terry can claim.

Step 3

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

METHOD 3—One-third of actual expenses method

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

You can use this method if you used your car to travel more than 5000 business kilometres in 2000–01. This method is also available if you would have used your car to travel more than 5000 business kilometres if you had used it for the whole of 2000–01.

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

There are 2 ways to work out your fuel and oil costs:

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

Odometer records need to show the odometer readings of the car at the start and end of the period that you owned or leased the car during 2000–01. They should also show the car's engine capacity, make, model and registration number.

You may need to be able to show how you worked out your business kilometres and any reasonable estimate you made.

Example

Alison has made a reasonable estimate that she travelled 7000 business kilometres during 2000–01. She is able to use this method.

Her odometer records show she used the car to travel a total of 25 000 kilometres during 2000–01.

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

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

25 000 km multiplied by 10 and divided by 100 = 2500

2500 multiplied by $0.90 = $2250

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

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

Step 1

Add up your total expenses for fuel and oil, registration, insurance, interest, repairs and maintenance, depreciation or lease payments and any other costs of running your car.

Step 2

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

Step 3

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

METHOD 4—Logbook method

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

You must keep:

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

Business use percentage

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

From your records, *work out* the total kilometres travelled. Then *work out* how many were business kilometres. *Divide* the number of business kilometres by the total number of kilometres travelled. *Multiply* this amount by 100.

Example

At the end of the logbook period, Jordan's logbook shows that he travelled a total of 11 000 kilometres of which 6600 were business kilometres.

He divides 6600 by 11 000 and multiplies by 100.

Jordan's business use percentage is 60 per cent.

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

Did your car use change during 2000–01?

If it changed, make a reasonable estimate of what your business use percentage would have been for the whole of 2000–01, taking into account your logbook, odometer and other records, any variations in the pattern of use of your car and any changes in the number of cars you used in the course of earning your income.

Your logbook

Your logbook is valid for 5 years. If this is the first year you are using this method, you must have kept a logbook during 2000–01. The logbook must cover at least 12 continuous weeks. If you started to use your car for business purposes less than 12 weeks before the end of 2000–01, you are able to continue to keep a logbook into 2001–02 so that your logbook covers the required 12 weeks. If you want to use the logbook method for 2 or more cars, the logbook for each car must cover the same period.

If you have not kept a logbook since 1995–96, you must have kept a new logbook for 2000–01. If you did not keep a new logbook for 2000–01, you cannot use the logbook method. You must use another method.

Where you have kept a logbook for 2000–01 your logbook must contain the following information:

- when the logbook period begins and ends
- the car's odometer readings at the start and end of the logbook period
- the total number of kilometres that the car travelled during the logbook period
- the number of kilometres travelled for work activities based on journeys recorded in the logbook. If you make 2 or more in a row on the same day, they can be recorded as a single journey
- the business use percentage for the logbook period.

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

You also need a logbook if the Australian Taxation Office (ATO) told you in writing to keep one. The ATO does not supply logbooks. Preprinted logbooks are available from stationery suppliers or you can draw up your own.

Logbook entries for each journey

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

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

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

Odometer records

You must keep written odometer records for the period you owned or leased the car during 2000–01. You need to record:

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

Odometer records can be kept as part of your logbook if you kept one for 2000–01. If you did not keep a logbook in 2000–01, you need to have kept a separate record of the odometer readings and other details.

Working out your claim

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

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

There are 2 ways to work out your fuel and oil costs:

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

Example

Christopher's odometer records show he used his car to travel a total of 7000 kilometres during 2000–01.

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

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

7000 km multiplied by 10 and divided by 100 = 700

700 multiplied by $0.90 = $630

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

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

Step 1
Add up your total expenses for fuel and oil, registration, insurance, interest, repairs and maintenance, depreciation or lease payments and any other costs of running your car.

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

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

CLAIMING UNDER MORE THAN ONE METHOD

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

Check that you have . . .

- written on your tax return the amount of your claim for car expenses
- printed the correct code letter in the **CLAIM TYPE** box beside the amount
- kept written evidence of your car expenses, where required. You need to keep it for 5 years from 31 October or, if you lodge later, for 5 years from the date you lodge your tax return. If at the end of this period you are in a dispute with the Australian Taxation Office that relates to this work expense, you must keep your records until the dispute is resolved.

Question D2

WORK RELATED TRAVEL EXPENSES

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

Claim at this question expenses for vehicles other than cars—for example, motorcycles, utility trucks or panel vans with a carrying capacity of 1 tonne or more, or any other vehicle with a carrying capacity of 9 or more passengers.

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

NO ☐ ▶ Go to question **D3**. **YES** ☐ ▼ Read below.

YOU NEED TO KNOW

You can claim travel expenses directly connected with your work. If your travel was partly private and partly for work, you can claim only the part that related to work. Travel expenses you may be able to claim include meals, accommodation and incidental expenses incurred while travelling overnight for work—for example, going to an interstate work conference. Generally, if your travel does not involve an overnight stay, you cannot claim for meals even if you received a travel allowance.

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

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

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

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

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

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

You can claim the cost of travelling directly between 2 separate places of employment—for example, when you have a second job.

Example

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

The cost of travel from her normal workplace to her second job is an allowable deduction.

However, Sue cannot claim the cost of travelling from her second job to her home.

You can claim the cost of travelling:

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

Example

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

Sue can claim the cost of each journey.

Records you need

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

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

The Australian Taxation Office (ATO) sets the reasonable allowance amount for your circumstances. Your employer or the ATO can tell you what the amount is.

Note

You must have written evidence for the whole of your claim, not just the excess over the reasonable amount. Written evidence is explained on pages 36–7.

TRAVEL EXPENSE RECORDS

	DOMESTIC TRAVEL Written evidence	DOMESTIC TRAVEL Travel diary	OVERSEAS TRAVEL Written evidence	OVERSEAS TRAVEL Travel diary
Where a travel allowance is not received:				
• travel less than 6 nights in a row	Yes	No	Yes	No
• travel 6 or more nights in a row	Yes	Yes	Yes	Yes
Where a travel allowance is received and the claim does not exceed the reasonable allowance amount:				
• travel less than 6 nights in a row	No	No	No*	No
• travel 6 or more nights in a row	No	No	No*	Yes**
Where a travel allowance is received and the claim exceeds the reasonable allowance amount:				
• travel less than 6 nights in a row	Yes	No	Yes	No
• travel 6 or more nights in a row	Yes	Yes	Yes	Yes**

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

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

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

Car owned or leased by somebody else—a borrowed car

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

Award transport payments

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

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

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

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

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

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

Completing this question

Step 1 *Add up* all your allowable travel expenses.

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

Check that you have . . .

- ✓ written on your tax return the amount of your claim for travel expenses
- ✓ kept written evidence of your travel expenses, where required. You need to keep it for 5 years from 31 October or, if you lodge later, for 5 years from the date you lodge your tax return. If at the end of this period you are in a dispute with the Australian Taxation Office that relates to this work expense, you must keep your records until the dispute is resolved.

Question D3

WORK RELATED UNIFORM, CLOTHING, LAUNDRY AND DRY CLEANING EXPENSES

Did you have any uniform, occupation specific clothing, protective clothing, laundry or dry cleaning expenses that relate to your work as an employee?

NO ☐ ▶ Go to question **D4**. **YES** ☐ ▼ Read below.

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

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

You cannot claim the cost of purchasing or cleaning a plain uniform or everyday clothes that you bought to wear to work even if your employer tells you to wear them—for example, a bartender's black trousers and white shirt or a manager's suit or stockings. If you need more information about everyday clothing, read *Taxation Ruling TR 94/22—Deductibility of expenditure on conventional clothing*, *Taxation Ruling TR 97/12—Deductibility of expenses on clothing, uniform and footwear* and *Taxation Ruling TR 98/5—Calculating and claiming a deduction for laundry expenses*. To find out how to get these publications, see the inside back cover of *TaxPack*.

WHAT YOU MAY NEED

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

YOU NEED TO KNOW

You cannot automatically claim a deduction just because you got a uniform, clothing, laundry or dry cleaning allowance from your employer. Carefully read the section **Claiming deductions for expenses that relate to your work as an employee** on pages 36–7 before claiming a deduction.

Work uniform

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

Compulsory work uniform

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

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

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

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

Non-compulsory work uniform

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

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

Occupation specific clothing

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

Protective clothing

This is clothing that protects you from injury while you are working—for example, safety boots and fire resistant clothing—or clothing that you wear at work to protect your everyday clothes—for example, overalls, dust jackets and aprons.

Laundry expenses

The costs of washing, drying or ironing eligible work clothes, as described in this question, are laundry expenses which you can claim. They include laundromat expenses. You must have written evidence—for example, diary entries and receipts—for your laundry expenses if:

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

Dry cleaning expenses

You can claim the cost of dry cleaning eligible work clothes, as described in this question. If your total claim for work expenses exceeds $300 you must have written evidence to substantiate your claim.

Completing this question

Step 1 *Work out* the total cost of laundering your occupation specific clothing, protective clothing or work uniforms.

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

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

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

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

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

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

Check that you have . . .

- ✓ written on your tax return the total amount of your uniform, occupation specific clothing, protective clothing, laundry and dry cleaning expenses
- ✓ printed your code letter in the **CLAIM TYPE** box
- ✓ kept written evidence to prove your claims, where required. You need to keep it for 5 years from 31 October or, if you lodge later, for 5 years from the date you lodge your tax return. If at the end of this period you are in a dispute with the ATO that relates to this work expense, you must keep your records until the dispute is resolved.

Question D4

WORK RELATED SELF-EDUCATION EXPENSES

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

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

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

STOP

DO NOT SHOW AT THIS QUESTION:

- the cost of formal education courses provided by professional organisations
- the cost of attending seminars, education workshops or conferences that are connected to your work activities but do not relate to your course of education.

Show these at **D5 Other work related expenses**.

NO ☐ ▶ Go to question **D5**. **YES** ☐ ▼ Read below.

WHAT YOU MAY NEED

- written evidence from your supplier or educational institution
- written evidence or diary entries you made of any expenses relating to your self-education—for example, travel
- *Guide to depreciation* (NAT 1996—6.2001). This publication contains details of changes to depreciation calculations, small item write-offs and balancing adjustments. It also explains the option to pool low-value items of plant. This option allows you to treat plant items costing less than $1000, or items written down to less than $1000 under the diminishing value method, as a single item of plant which is then depreciated under the diminishing value method based on a 4 year effective life. To find out how to get this publication, see the inside back cover of *TaxPack*.

YOU NEED TO KNOW

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

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

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

Taxation Ruling TR 98/9—Deductibility of self-education expenses provides additional information. To find out how to get this publication, see the inside back cover of *TaxPack*.

If your total claim for all work expenses is more than $300, you may need to keep written evidence to prove your claim. Read pages 36–7 in *TaxPack 2001* for the written evidence rule.

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

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

you may claim the cost of meals during that absence.

Allowable self-education expenses

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

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

You can claim expenses for travel between:
- home and your place of education
- your place of education and home
- work and your place of education
- your place of education and work.

However, only the first leg of each trip is deductible where you travel:
- from home to your place of education and then to work or
- from your workplace to your place of education and then to home.

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

$250 reduction

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

To work out your claim, first list your expenses under the following categories.

Category A

General expenses that are allowable as a deduction. They include textbooks, stationery, student union fees, course fees or car expenses worked out under the logbook or one-third of actual expenses method.

In some cases you may need to reduce your category A expenses by $250—see example 1 on page 52.

Category B

Depreciation on items of equipment used for self-education purposes.

Category C

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

Category D

Car expenses related to your self-education activities which are claimed using the cents per kilometre or 12 per cent of original value method. See page 41 for information on these methods.

You cannot claim car expenses under this category if you have included depreciation or repairs to your car under categories B or C.

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

Category E

Self-education expenses you have incurred that are not allowable as a deduction. For example:
- travel expenses in respect of the last leg of each trip:
  - from home to your place of education and then to work or
  - from the workplace to your place of education and then home
- child care costs related to attendance at lectures or other self-education activities
- capital cost of items acquired in 2000–01 and used for self-education purposes—for example, a computer or desk.

Completing this question

Step 1

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

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

Step 2

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

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

Step 3

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

Step 4

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

Step 5

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

Step 6

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

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

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

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

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

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

Step 7

Print your code letter from step 6 in the **CLAIM TYPE** box at the right of **D** item **D4** on your tax return.

Examples of how to work out a claim

Example 1

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

His expenses		*Category*
Course fees	$180	A
Textbooks	$ 70	A
Student union fees	$ 40	A
Total expenses	$290	
Take away	$250	
Michael can claim	$ 40	

Example 2

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

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

Example 3

Sharon is a clerk in the public service who is studying gourmet cooking part time in order to become a chef.

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

Example 4

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

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

Example 5

Debra studied part time at a university and the course was directly related to her current employment. She travelled by bus from her work to university.

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

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

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

Debra can claim $820—her category A and C amounts.

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

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

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

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

Debra could claim $640.

Question D5 OTHER WORK RELATED EXPENSES

STOP

DO NOT SHOW AT THIS QUESTION CLAIMS FOR:

- expenses not related to your work
- expenses from carrying on a **business**
- the cost of sickness and accident **insurance** premiums
- **tax costs**—such as tax agent fees.

Other questions deal with these matters.

Refer to the relevant topics in the Index.

Did you have:

- **Financial Institutions Duty (FID) charged on salary, wage, pension, allowance or payment income deposited into your bank, building society or credit union account**
- **debits tax charged on any outgoings from your account where the outgoing can be claimed as an allowable work related deduction**
- **any other expenses relating to your work as an employee?**

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

You cannot claim the cost of entertainment, fines or penalties.

You cannot claim private expenses such as child care expenses or fees paid to social clubs.

NO ☐ ▶ Go to question **D6**. **YES** ☐ ▼ Read below.

WHAT YOU MAY NEED

- statements from your bank, building society or credit union
- written evidence from your supplier or association
- other written evidence or diary entries you made to record your expenses
- your *PAYG payment summary—individual non business*
- *Guide to depreciation* (NAT 1996—6.2001). This publication contains details of changes to depreciation calculations, small item write-offs and balancing adjustments. It also explains the option to pool low-value items of plant. This option allows you to treat plant items costing less than $1000, or items written down to less than $1000 under the diminishing value method, as a single item of plant, which is then depreciated under the diminishing value method based on a 4 year effective life.
- *Taxation Ruling TR 93/30—Deductions for home office expenses*
- *Practice statement PS 2001/6—Home office expenses.*

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

YOU NEED TO KNOW

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

If your total claim for all work expenses as an employee exceeds $300, you may need to keep written evidence to prove your claim. Read pages 36–7 for the written evidence rule.

Financial Institutions Duty (FID), government duty tax (GDT) and debits tax

You can claim a deduction for FID charged on any deposit to your account where that deposit is part of your assessable income—for example, salary, wages, pensions, allowances or payments.

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

You can only claim your share of FID and debits tax charged on joint accounts. For example, if you hold an account jointly with one other person, you can only claim one half of the FID or debits tax charged on the account.

Union fees and subscriptions to associations

You can claim a deduction for union fees and subscriptions to trade, business or professional associations. Your payment summary may show fees or subscriptions paid by you.

Overtime meals

You may be able to claim a deduction for overtime meal expenses you incurred if you received an overtime meal allowance from your employer which was paid under an industrial law, award or agreement. To claim a deduction you will need written evidence if your claim is more than $17.90 per meal.

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

An amount for overtime meals that has been folded in as part of your normal salary or wages income is not considered to be an overtime meal allowance.

Amounts received as overtime meal allowance must be included as income at item **2**.

Seminars, conferences or education workshops

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

Books, journals and professional libraries

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

You can claim for depreciation on the cost of a professional library that includes books, tapes, compact discs, records and videos that you need to do your work.

Computers and software

You can claim a deduction for the work related proportion of depreciation on the cost of computers. See the publication *Guide to depreciation* to work out your claim. If you use your computer for private purposes you must apportion your depreciation amount between work related and private use. 'Apportion' means you divide the amount between private use and work related use. For example, if you use a computer 30 per cent of the time for work and 70 per cent of the time for non-work purposes, then you can only claim 30 per cent of the depreciation amount.

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

Telephone expenses

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

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

Home office expenses

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

When you use your home office for work as an employee, note the time spent in your diary. Diary records are acceptable evidence of a connection between the use of a home office and your work. Keep diary records during a representative period and for a reasonable time—for example, at least 4 weeks.

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

Low-value pooling

If your low-value items of plant relate solely to salary and wage income and you choose to use the low-value pooling method of claiming depreciation, make your claim for deduction here. For more information about low-value pooling refer to the publication *Guide to depreciation*.

Other expenses

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

Completing this question

Step 1

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

Step 2

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

Question D6

INTEREST AND DIVIDEND DEDUCTIONS

STOP

DO NOT SHOW AT THIS QUESTION:

- an amount for debits and duty tax on withdrawals relating to an account kept as an essential part of a business

Show this amount on your *2001 business and professional items schedule* and claim it at item **14 Net income or loss from business** on your tax return (supplementary section).

- expenses incurred in earning foreign source interest or dividends. They may be taken into account in working out the amount you show at item **19 Foreign source income and foreign assets or property** on your tax return
- expenses incurred in relation to:
  - a **partnership** or **trust** distribution
  - **rental income**
  - **business income**
  - **tax costs**—such as the costs of managing tax affairs
  - the **land transport facilities tax offset scheme** or **infrastructure borrowings scheme**.

Other questions deal with these matters.

Refer to the relevant topics in the Index.

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

- **Financial Institutions Duty (FID), government duty tax (GDT) or debits tax**
- **account keeping fees or management fees**
- **interest charged on money borrowed to purchase shares?**

You can claim a deduction against assessable interest and dividend income if you are able to show that the duties, taxes and expenses were incurred in earning that income.

You cannot claim a deduction for expenses incurred in deriving exempt income such as an exempt dividend on which family trust distribution tax has been paid. Refer to page 9 and question **A3** on page 103 for further details.

NO ☐ Go to question **D7**. **YES** ☐ Read below.

Deductions you can claim against your assessable interest and dividends

FID and other taxes

State Governments charge FID, GDT and debits tax for operating certain types of accounts held with financial institutions such as banks, building societies and credit unions. If these were charged to your account, they will be shown on your statements or in your passbooks.

You can claim for FID charged on any deposit of assessable interest or dividend income paid into your account. You can claim that part of GDT or debits tax charged on payments from your account where the payment is for a deductible expense which is also claimed at this question.

Account keeping fees

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

Remember: If you are not the sole holder of an account you can only claim your share of charges or taxes on the account—for example, where you hold an equal share in an account with your spouse, you can only claim half of any allowable FID, GDT or debits tax paid on that account.

Other deductions

You can claim for ongoing management fees, retainers, interest incurred on money borrowed to purchase shares and other related investments and amounts paid for advice relating to changes in the mix of investment. If the money borrowed is used for both private and income producing purposes, then the interest must be apportioned between each purpose. Only that interest incurred for an income producing purpose is deductible.

You cannot claim:

- a fee charged for drawing up an investment plan unless you are carrying on an investment business
- a fee paid to an investment adviser for drawing up an initial investment plan which includes pre-existing investments.

WHAT YOU MAY NEED

- your bank or financial institution statements or passbooks
- other related documents

Step 1 *Add up* all your interest and dividend deductions.

Step 2 *Write* the total amount at **I** item **D6** on your tax return. Do not show cents.

Question D7 GIFTS OR DONATIONS

Note

If you do not know whether you can claim a deduction, see if the information is on the receipt for your gift. If not, contact the organisation for confirmation. If you still do not know, ring the Personal Tax Infoline on the inside back cover of *TaxPack*.

Did you make a gift or donation of $2 or more to:
- **an eligible organisation such as:**
  - **certain organisations or charities which gave help in Australia**
  - **an approved overseas aid fund**
  - **a school building fund**
  - **an approved environmental or cultural organisation**

which the Australian Taxation Office has endorsed as a deductible gift recipient or which is listed by name in the tax laws as gift deductible or
- **a registered political party**

or did you make an approved cultural bequest?

You cannot claim a deduction for a donation if you received something for it—for example, a pen, raffle ticket or a reduction in your child's school fees.

NO ☐ ▶ Go to question **D8**. **YES** ☐ ▼ Read below.

WHAT YOU MAY NEED

- your receipts for donations or contributions
- the purchase price and purchase date of any property donated
- your valuations by 2 or more approved valuers for any donations of property under the Cultural Gifts Program or to a body of the National Trust
- your valuation certificate from the Australian Valuation Office (AVO) for any donation of property valued at more than $5000 (see below)
- a certificate of approval from the Minister for Communications, Information Technology and the Arts for a cultural bequest.

YOU NEED TO KNOW

- If you made a donation to a school building fund and your receipt includes other payments, you can claim only that part which is the voluntary donation.
- The total amount you can claim for contributions to registered political parties is $100. Parliament is presently considering expanding the scope of deductions in this area. It is proposed to increase the deduction up to $1500, to allow membership subscriptions, and to include gifts to independent candidates and independent Members of Parliament. These changes have not at this stage become law. If you need more information, ring the Personal Tax Infoline on the inside back cover of *TaxPack*.
- Under the general gift provisions you can claim a donation of property to an eligible organisation only if it is made within 12 months of purchase. You claim the lesser of either the price you paid for it or the market value of the property at the time of donation. This means that you cannot claim for property if you did not purchase it—for example, you inherited or won the property.
- You can claim gifts of property valued at more than $5000 made to certain funds, authorities and institutions. A valuation certificate must be obtained from the Australian Valuation Office (AVO) for property you purchased more than 12 months before making the gift or for property you did not purchase—for example, where you inherited or won the property. However, if the property was purchased within 12 months before making the gift, the amount deductible is the lesser of the market value of the property at the time of donation and the amount paid for the property. For more information about property valuations contact the AVO by phone on **(02) 6216 8157**, by fax on **(02) 6216 8106** or by email **bryan.hurrell@avo.gov.au**

- You can claim gifts made to specified private funds.
- You can elect to spread the deduction for gifts made under the Cultural Gifts Program, and environmental and heritage gifts, over 5 income years or less. The election must be lodged with the relevant department before you lodge your tax return.

  For more information about the Cultural Gifts Program and the election contact the Department of Communications, Information Technology and the Arts by phone on **(02) 6271 1643**, by email **cgp.mail@dcita.gov.au** or visit its Internet site **www.dcita.gov.au/cgp**

  For more information about making gifts to environmental and heritage organisations and the election contact the Department of the Environment and Heritage by phone on **(02) 6274 1467** or by email **reo@ea.gov.au**
- A cultural bequest is your donation of an item of cultural significance to the nation. You must apply to the Minister for Communications, Information Technology and the Arts to have a bequest registered. On approval, a certificate is sent to you stating its value. If you are an executor or administrator of an estate, you can claim a deduction in the donor's final individual tax return for a cultural bequest that was made under the Cultural Bequests Program. If the value of the bequest reduces the donor's taxable income to nil, any excess value can be claimed in the first estate return. It is necessary that you have a certificate of approval issued to the donor by the Minister for Communications, Information Technology and the Arts.

Completing this question

Step 1 *Add up* all the amounts of your eligible gifts and donations and *write* the total at **J** item **D7** on your tax return. Do not show cents.

Question D8

DEDUCTIBLE AMOUNT OF UPP OF AN AUSTRALIAN PENSION OR ANNUITY

Did you receive an Australian pension or annuity which has a deductible amount of undeducted purchase price (UPP)?

Pensions from Centrelink and the Department of Veterans' Affairs shown at question **6** do not have a deductible amount.

To claim the deductible amount of a UPP on a foreign pension or annuity complete item **D11** on your tax return (supplementary section).

NO ☐ ▶ Go to question **D9**. **YES** ☐ ▼ Read below.

YOU NEED TO KNOW

Note

If you need information or assistance with this question, ring the superannuation helpline on **13 1020**.

Undeducted purchase price of a pension or annuity

If you showed income from an Australian pension or annuity at item **7** on your tax return, you may be able to reduce the taxable amount of your pension or annuity income if it has an undeducted purchase price (UPP).

Your pension or annuity may have a UPP if:

- you receive a superannuation pension and you could not claim a tax deduction for some or all of the personal contributions you made to your superannuation fund or retirement savings account provider in previous years
- you receive a pension or annuity that reverted to you on the death of another person
- you receive a pension or annuity that you bought with your own capital.

The UPP is the amount you contributed towards the purchase price of the pension or annuity for which you did not claim, and were not eligible to claim, a tax deduction. Each year, that part of your pension which represents a return to you of your personal contributions is deducted from your taxable pension income. This tax-free part is called the deductible amount of the UPP.

If you already know your deductible amount, *go to* **Completing this question** on this page.

If you do not know your deductible amount, *go to* **Schedule of additional information** on this page.

Completing this question

Write the deductible amount of your UPP at **L** item **D8** on your tax return. Do not show cents. This amount cannot be more than the pension or annuity to which it relates—the amount shown at item **7**.

If you have more than one Australian pension, *write* the total of all the deductible amounts of your UPP at **L** item **D8**.

You have finished this question. *Go to* **Check that you have** on the next page.

Schedule of additional information

If you do not know how much of your UPP you can claim—the deductible amount—your payer may be able to tell you. Otherwise, you will need to provide answers to the questions on the next page so the Australian Taxation Office can work it out for you.

Usually, when you start to receive a pension, the pension provider will give you a copy of the details regarding your pension. In addition, each year your pension provider must give you a payment summary for the year, and most pension providers also supply additional information with the payment summary. You may find the answers to many of the following questions in that additional information.

Print SCHEDULE OF ADDITIONAL INFORMATION—QUESTION D8 on the top of a separate piece of paper and tell us your name, address, tax file number and the answers to the following questions.

1 What is your date of birth?

2 On what date did your pension or annuity first become payable? This is the first day of the first payment period of the pension or annuity. (Check your original contract, information sheet, or contact your pension provider if you are unsure.)

3 What is the name of the provider or company paying your pension or annuity?

4 If you are receiving a superannuation pension:
   (a) What amount did you personally contribute to your superannuation provider after 30 June 1983?
   (b) For what part of this amount did you **not** get a tax deduction?
   (c) Have you rolled over any CGT exempt amounts to your superannuation provider? What is the amount?

5 If you are receiving a superannuation pension from a provider which has not paid tax on the contributions it received—such as some government funds—or your superannuation pension started before 1 July 1994, what amounts did you personally contribute towards your superannuation before 1 July 1983, for which you did not claim, and were not entitled to claim, a tax deduction or rebate? The Australian Taxation Office can provide this figure if you do not have it—ring the superannuation helpline on **13 1020**.

6 If you are receiving an annuity or superannuation pension that you bought with one or more eligible termination payments (ETPs):
   (a) What amounts of each component of the ETP did you roll over into the annuity or superannuation pension? (Your pension or annuity provider can give you this information.)
   Examples are: undeducted contributions, CGT exempt amounts, concessional components, invalidity components, pre-July 1983 or post-June 1983 components.
   (b) Did you buy the superannuation pension or annuity you are now receiving with funds obtained solely from rolling over a previous superannuation pension or annuity? If so, when did you first start to receive payments under the previous superannuation pension or annuity?

   Note: This information is important if you bought a pension or annuity on or after 1 July 1994 and the purchase price of the pension or annuity was derived wholly from funds obtained by rolling over a previous pension or annuity which had a starting date earlier than 1 July 1994.

7 If you are receiving an annuity that you bought with money other than as described in question 6, how much did you pay for the annuity?

8 Is the period for which you will be receiving the pension or annuity fixed?
   (a) If YES, how long is the period?
   (b) If NO:
   - What are the conditions under which the payments are made?
   - Does your pension or annuity have a reversionary beneficiary—this is someone who will be entitled to receive all or part of your pension or annuity payments if you die? If so, what is the name and date of birth of this person?
   - If you are receiving your pension or annuity because it reverted to you upon the death of someone else, what is the name, date of birth and tax file number of the person who died? On what date did the deceased person first receive the pension?

9 If someone else is now entitled to a share of your pension or annuity, what is the percentage to which they are entitled?

10 When the pension or annuity stops, will an agreed lump sum—often called the residual capital value—become payable? If so, how much is this lump sum?

Print **X** in the **YES** box at *Taxpayer's declaration* question 2a on page 8 of your tax return. *Sign* and *attach* your schedule to page 3 of your tax return.

Leave **L** item **D8** blank. You have now completed this question.

Check that you have . . .

- ✓ written on your tax return the total deductible amount of the undeducted purchase price of all your Australian pensions and annuities, if you know it
- ✓ attached to page 3 of your tax return your signed SCHEDULE OF ADDITIONAL INFORMATION—QUESTION D8, if you need to send us one.

Question D9

COST OF MANAGING TAX AFFAIRS

Did you have expenses:
- **relating to managing your own tax affairs**
- **for lodging a claim for family tax benefit (FTB) through the tax system**
- **imposed by the Australian Taxation Office (ATO) as a general interest charge**
- **for complying with your legal obligations relating to another person's tax affairs?**

NO ☐ ▶ Go to **DEDUCTIONS FROM THE SUPPLEMENTARY SECTION** on page 61.

YES ☐ ▼ Read below.

YOU NEED TO KNOW

Expenses for managing your own tax affairs include those relating to:
- preparing and lodging your tax return and activity statements—for example, buying tax reference material, lodging your tax return through the ***TAX****PACK****EXPRESS*** service, obtaining tax advice from a registered tax agent, barrister or solicitor or dealing with the ATO about your tax affairs. You can also claim at this question the cost of travel associated with obtaining tax advice—for example, the travel costs of attending a meeting with a recognised tax adviser
- appealing to the Administrative Appeals Tribunal or courts
- obtaining a valuation needed for a deductible gift of property

Expenses for lodging an FTB tax claim include:
- getting advice from a recognised tax adviser and lodging an FTB tax claim with the ATO.

Expenses incurred as a general interest charge (GIC)

The ATO imposes a GIC on late payments of taxes and penalties, and where an amendment to your assessment results in an increase in your tax liability. If you have to, or have had to, pay a GIC to the ATO, you can claim this expense at this question.

Note

Tax shortfall and other administrative penalties for failing to meet your obligations are not deductible.

Expenses for complying with your legal obligations relating to another person's tax affairs include those relating to:
- complying with the former prescribed payments system—for example, the cost of reporting to the ATO payments made to a builder
- complying with the Pay As You Go withholding obligations—for example, where you need to withhold tax from a payment to a supplier because the supplier did not quote an Australian Business Number
- providing information requested by the ATO about another taxpayer.

Completing this question

Step 1 *Add up* the amounts of all your allowable expenses for managing your own tax affairs, any GIC you have incurred and any expenses for complying with your legal obligations relating to another person's tax affairs.

Step 2 *Write* the total amount at **M** item **D9** on your tax return. Do not show cents.

D DEDUCTIONS FROM THE SUPPLEMENTARY SECTION

CAUTION Read this question carefully—you may need to use *TaxPack 2001 supplement*.

AUSTRALIAN NEWSAGENT

The supplementary section of the tax return is located in the back of *TaxPack 2001 supplement*. If you don't already have a copy of *TaxPack 2001 supplement*, from 1 July to 31 October 2001 you can get a copy from newsagencies displaying this logo. Copies are also available all year from the Australian Taxation Office.

Can you claim any of the following types of deductions?

- Australian film industry incentives
- deductible amount of undeducted purchase price of a foreign pension or annuity
- deductible foreign exchange losses of a capital nature
- deductible expenses incurred but not claimed in full prior to ceasing a primary production business
- election expenses for political candidates
- interest incurred on money borrowed to invest under the land transport facilities tax offset scheme or infrastructure borrowings scheme
- insurance premiums paid for sickness and accident cover
- non-capital losses incurred upon the disposal or redemption of a traditional security
- non-employer sponsored superannuation contributions

NO ☐ ▼ Go to **TOTAL DEDUCTIONS** below.

YES ☐ ▼ You must complete the *2001 tax return for individuals* (supplementary section). Read below.

Completing this item

Step 1 *Complete* the page 9 details in the supplementary section of your tax return—if you haven't already. Use *TaxPack 2001 supplement* to complete the Deductions section.

Step 2 *Transfer* the amount you wrote at **TOTAL SUPPLEMENT DEDUCTIONS** on page 12 to **D** on page 3 of your tax return.

TOTAL DEDUCTIONS COMPLETING THIS ITEM

Step 1 *Add up* all the amounts in the right-hand column of items **D1** to **D9** and **D** on your tax return.

Step 2 *Write* the amount from step 1 at **TOTAL DEDUCTIONS** on your tax return. Do not show cents. *Read on*.

SUBTOTAL COMPLETING THIS ITEM

TOTAL INCOME OR LOSS less **TOTAL DEDUCTIONS**

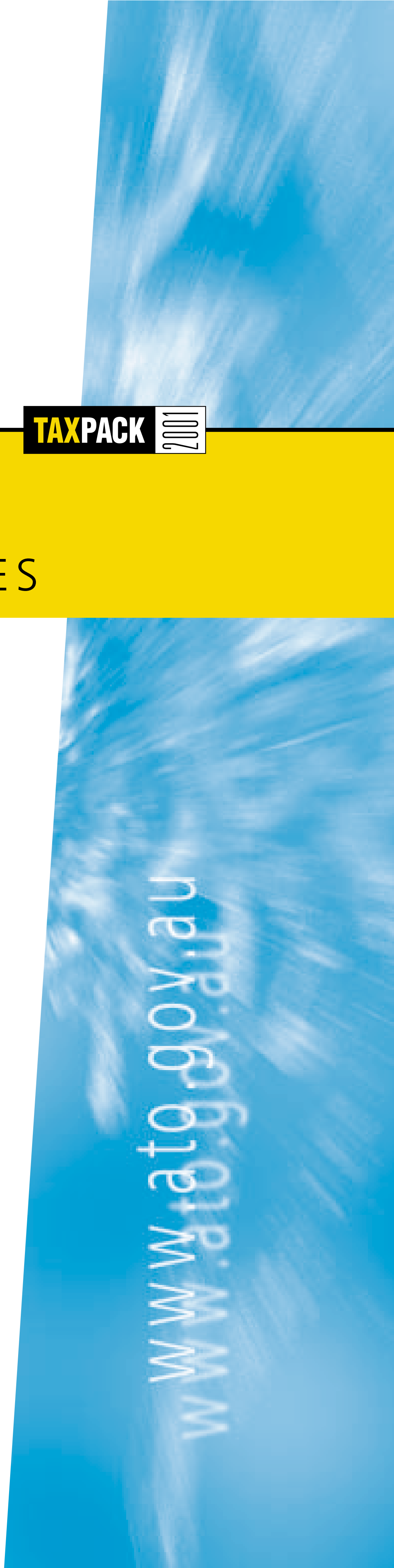
If you have an amount at **TOTAL DEDUCTIONS** on your tax return, *take* it away from the amount at **TOTAL INCOME OR LOSS** on page 2 of your tax return. *Write* the result at **SUBTOTAL**.

If the amount at **SUBTOTAL** is less than zero, *print* **L** in the small box ☐.

Note If the amount at **TOTAL INCOME OR LOSS** is a loss, *work out* **SUBTOTAL** by increasing the amount of the loss by adding to it the amount at **TOTAL DEDUCTIONS**.

TAXPACK 2001

LOSSES



Question L1 TAX LOSSES OF EARLIER INCOME YEARS CLAIMED THIS INCOME YEAR

Do you have any tax losses of earlier income years that you can claim this year?

This question does not apply to capital losses. Capital losses are explained at question **17** in *TaxPack 2001 supplement*.

This question only applies to losses incurred in relation to earning income from Australian sources. Expenses and losses in relation to earning foreign source income are taken into account at question **19**.

A tax loss occurs when the total of your allowable deductions for an income year—excluding tax losses of earlier income years—is greater than the total of your assessable income and your net exempt income. However, some deductions, such as gifts and superannuation contributions by eligible persons, are limited for this purpose and cannot be used either to create such a loss or to increase one.

Note

You **cannot** claim a deduction for a tax loss of an earlier income year if your taxable income last year was greater than zero.

NO ☐ ▶ Go to **TAXABLE INCOME OR LOSS** on page 65. **YES** ☐ ▼ Read below.

WHAT YOU MAY NEED

- records of your tax losses of earlier income years
- your foreign source income statement.

YOU NEED TO KNOW

Primary production losses may have been made in any income year. Non-primary production losses can be deducted from income in 2000–01 only if they were made in 1989–90 or a later year. Non-primary production losses made in 1988–89 and earlier income years can no longer be deducted from income.

Where you have tax losses for more than one earlier income year you must, generally, fully deduct the loss from the earliest year before you deduct a loss, or part of a loss, from a later year. A tax loss can only be deducted to the extent that it has not already been deducted.

Before you can deduct tax losses of earlier income years you must reduce them by current year net exempt income. Then any amount of tax losses of earlier income years can be taken away from your Australian source income included at **SUBTOTAL**.

For this question, net exempt income includes all your exempt income—including any exempt foreign employment income—but does not include such things as income derived by way of certain employment fringe benefits. To work out your net exempt income, if you are an Australian resident you can deduct any non-capital expenses you have incurred in earning your exempt income and any foreign tax paid on that income.

Note

Your tax losses of earlier income years can only reduce your Australian source income to zero. If your tax losses of earlier income years are more than your Australian source income you will need to keep a record of the losses to claim next year.

Effect of bankruptcy

If you have become bankrupt, or are released from any debts by the operation of an Act relating to bankruptcy, tax losses of earlier income years incurred before the day on which you became bankrupt or were released from the debts generally cannot be claimed as a deduction in any income year following the year you became bankrupt or you were released from debt. For further information, ring the Personal Tax Infoline on the inside back cover of *TaxPack*.

Australian losses and foreign source income

You can choose to use some or all of your tax losses of earlier income years incurred in earning Australian source income to reduce your net foreign source income, as shown in the example on the next page.

Example

Peter owns a smallgoods business and has accumulated non-primary production tax losses of earlier income years of $6000. All losses were made in 1989–90 and later years.

He has no exempt income but received $1000 income from Germany. He has elected to use $500 of his tax losses of earlier income years to reduce this foreign income.

Peter's total tax losses of earlier income years at the beginning of 2000–01	(a)	$6000
Peter's net exempt income for 2000–01	(b)	nil
Take (b) away from (a)—this is the amount of losses available to Peter for 2000–01	(c)	$6000
The amount of tax losses of earlier income years Peter used to reduce net foreign source income	(d)	$500
Peter will show the balance of the foreign source income of $500 at item **19**.		
Take (d) away from (c)—this is the total tax losses of earlier income years available to Peter to reduce net Australian source income at SUBTOTAL	(e)	$5500

If Peter has at least $5500 of net Australian source income at **SUBTOTAL** which he can reduce, Peter will show $5500 at **Z** item **L1** on his tax return.

If you choose to use your tax losses of earlier income years in this way, you will need to provide additional information. *Print* SCHEDULE OF ADDITIONAL INFORMATION—QUESTION L1 on the top of a separate piece of paper and explain your situation. Include your name, address, tax file number and the amount of tax losses of earlier income years you have used to reduce your net foreign source income. *Print* **X** in the **YES** box at *Taxpayer's declaration* question 2a on page 8 of your tax return. *Sign* and *attach* your schedule to page 3 of your tax return.

Completing this question

Step 1

Use the worksheet in the next column to work out your total tax losses of earlier income years. You must show your losses separately—as a primary production loss and a non-primary production loss.

WORKSHEET

		Primary production loss	Non-primary production loss
Total tax losses of earlier income years at the beginning of 2000–01*	(a)	$	$
Net exempt income for 2000–01	(b)	$	$
Take (b) away from (a)—this is the amount of losses available this year	(c)	$	$
Amount of tax losses of earlier income years used to reduce net foreign source income	(d)	$	$
Take (d) away from (c)—**these are your total tax losses of earlier income years available to deduct from your net Australian source income this year at SUBTOTAL**		$	$

Note Do not include at (a) any non-primary production losses made in 1988–89 and earlier income years.

Step 2

Write any tax losses of earlier income years from primary production from step 1 which you can deduct from your net Australian source income at **SUBTOTAL** at **F** item **L1** on your tax return. Do not show cents.

If your total tax losses of earlier income years from primary production from step 1 is greater than the amount you can deduct under step 2, you can carry forward the undeducted tax losses of earlier income years from primary production for deduction in future income years. Make sure you keep records of these amounts for future tax returns.

Step 3

Write any tax losses of earlier income years from non-primary production from step 1 which you can deduct from the remainder of your net Australian source income at **SUBTOTAL** at **Z** item **L1**. Do not show cents.

If your total tax losses of earlier income years from non-primary production from step 1 is greater than the amount you can deduct under step 3, you can carry forward the undeducted tax losses of earlier income years from non-primary production for deduction in future income years.

* If this includes a film loss, special deduction rules apply. Ring the Personal Tax Infoline on the inside back cover of *TaxPack* for further information.

COMPLETING THIS ITEM

How you complete this item will depend on whether you completed **L1 Tax losses of earlier income years claimed this income year**.

If you have NOT completed L1

Transfer the amount you have shown at **SUBTOTAL** to **$ TAXABLE INCOME OR LOSS**. Do not show cents. If the amount at **$ TAXABLE INCOME OR LOSS** is less than zero, *print* **L** in the small box ☐.

Note If the amount at **TAXABLE INCOME OR LOSS** is less than zero and you have printed **L** in the small box ☐, this amount may not be your tax loss that can be carried forward for next year. Adjustments may have to be made to limit certain deductions, to take into account any exempt income and to make other variations. Ring the Personal Tax Infoline on the inside back cover of *TaxPack* if you would like more information.

If you have completed L1

Where the amount at SUBTOTAL is a loss

You cannot deduct tax losses of earlier income years and you should not have completed item **L1**—keep a record of these amounts for next year.

Transfer the amount you have written at **SUBTOTAL** to **$ TAXABLE INCOME OR LOSS**. Do not show cents. *Print* **L** in the small box ☐.

Where the amount at SUBTOTAL is an income amount

Add the amounts at **F** and **Z** item **L1** and *take* the total away from the amount you have written at **SUBTOTAL**. *Write* the result at **$ TAXABLE INCOME OR LOSS** on your tax return. Do not show cents.

Tax offset for low income taxpayer

If you are an Australian resident for tax purposes and your taxable income is less than $24 450, you may get a tax offset (formerly called rebate).

We will work out your tax offset and make sure it comes off your tax. The tax offset will be shown on your notice of assessment. Do not put anything about this tax offset on your tax return.

The maximum tax offset of $150 applies if your taxable income is $20 700 or less. This amount is reduced by 4 cents for each dollar over $20 700.

Child support clients

You are not entitled to a tax deduction for any child support payments you make. The Child Support Agency may use your taxable income to make an assessment of child support.

The Child Support Agency will include your total reportable fringe benefits amounts losses from rental properties and exempt foreign employment income when assessing child support liabilities.

I N F O R M A T I O N

Dependants and separate net income

The purpose of this section is to give you important information about dependants and separate net income. Various questions in *TaxPack* will refer you to this information when you need it.

Who is a dependant?

Note

You can claim a dependant tax offset (formerly called rebate) only if you were an Australian resident for tax purposes.

A dependant can be:
- your spouse—married or de facto
- a student who is under 25 years and is a full-time student at school, college or university
- a child—including your spouse's child, adopted child, stepchild or exnuptial child who is under 16 years and is not a student
- a child-housekeeper—your child of any age who works full time keeping house for you
- an invalid relative—your child, brother or sister who is 16 years or over and gets a disability support pension or a special needs disability support pension or rehabilitation allowance, or who has a certificate of invalidity from a Commonwealth-approved doctor certifying a continuing inability to work
- your parents or spouse's parents.

A dependant needs to be an Australian resident for tax purposes (see page 7). For a spouse, student or child only, they will be treated as a resident if you have always lived in Australia or you came to live in Australia permanently—unless they have set up a permanent home outside Australia.

Overseas dependants

Your spouse and dependent children who are waiting to migrate to Australia are considered to be your dependants for tax offset purposes but they must migrate within 5 years from when you came to live in Australia permanently. We may ask you to provide evidence.

What is maintaining a dependant?

This means:
- you and the dependant resided together or
- you gave the dependant food, clothing and lodging or
- you helped them to pay for their living, medical and educational costs.

If you had a spouse for the whole year and your spouse worked for part of the year, you are still considered to have maintained your spouse—as a dependant—for the whole year.

You are considered to have maintained a dependant even if you were temporarily separated—for example, due to holidays. You are still considered to have maintained dependants who were overseas if they were away from Australia only for a short time.

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

What is separate net income?

Separate net income (SNI) is income and other specified amounts earned or received in 2000–01 by your dependant while you maintained them. SNI includes some amounts which are not included in the recipient's assessable income. SNI earned by your dependant may affect any claim you are entitled to. SNI includes:
- salary and wages
- pensions, including exempt pensions listed on page 9
- interest and dividend income—but not the imputation credit attached to franked dividends
- business, trust and rental income

- Veterans' Affairs and most Centrelink payments including parenting payment (partnered) and remote area allowance
- amounts included as assessable income under the capital gains tax provisions
- any maintenance payments your spouse received for their own support after divorce or separation—even though your spouse may not need to declare such income for tax purposes
- the maintenance or accommodation component of a scholarship paid by the Commonwealth or State except where that component is paid for helping to educate isolated children under 16.

Separate net income (SNI) does not include:

- certain Centrelink payments
  - child care benefit
  - family tax benefit
  - maternity allowance
  - maternity immunisation allowance
  - carer allowance (but note that carer payments ARE included in SNI)
  - aged person savings bonus
  - self-funded retirees supplementary bonus
- the value or amount of any non-government scholarship received in connection with the education of a dependent child or student
- the value or amount of any Commonwealth or State assistance provided for school fees, the purchase of textbooks or travelling expenses
- lump sum severance or retirement payments of a capital nature or as compensation payments for losing a job
- maintenance paid to your spouse for support of their dependent children
- amounts received under the incentive payments scheme relating to certain private health insurance policies.

In calculating SNI your dependant's income can be reduced by:

- any expenses your dependant incurred in 2000–01 and could claim at questions **D1** to **D6**, even if they did not lodge a tax return
- any amount your dependant could claim in 2000–01 for the deductible amount of undeducted purchase price of their pension or annuity at question **D8**, or question **D11** in *TaxPack 2001 supplement*
- net child care expenses incurred in 2000–01 by your dependant because they were working; that is, the amount paid by the dependant less any cash rebates—for example, child care benefit and rebates provided by an employer or union
- their expenses for travel during 2000–01 to and from child care—because they were working
- their expenses for travel during 2000–01 to and from work.

If your dependant used the cents per kilometre method—described on page 41—to calculate work related car expenses, the 5000 kilometre limit does not apply for purposes of calculating the SNI of your dependant.

Your dependant does not need written evidence of expenses which reduce their SNI but they must be able to demonstrate that they actually incurred the relevant expenses.

Your dependant's SNI cannot be reduced by amounts paid by them for gifts, donations, tax agent fees, tax withheld, superannuation contributions, or any losses brought forward from 1999–2000 or earlier years.

How much SNI can your dependant earn?

For some claims, the amount you may be entitled to will be affected by the SNI of your dependants. For example, tax offsets are reduced by $1 for every $4 of SNI over $282 which your dependants earned in 2000–01. The amount of SNI your dependants can earn is explained at each question.

Note

Tax offsets and your tax withheld
If your tax offset entitlement has changed since you last filled in a *Withholding declaration*, you may need to fill in a new one. Contact your payer for more information.

Family tax benefit

The Australian Government has changed the way it provides assistance to families.

In previous years eligible taxpayers were able to claim assistance in their tax return through family tax assistance, dependent spouse rebate with a child, and the sole parent rebate.

On 1 July 2000 the Government introduced family tax benefit (FTB) which replaces these payments. Some social security payments were also replaced: family allowance, basic parenting payment, guardian allowance and family tax payment Part A and Part B.

FTB has 2 parts, Part A and Part B. Part A is designed to help with the cost of raising children. Part B is designed to give extra help to families with one main earner, including single parent families. You may be eligible for Part A or Part B, or both.

THE PURPOSE OF THIS INFORMATION SECTION

We have provided this information section so that you can decide:

- if you are eligible for FTB and
- if you are eligible, whether you should claim your FTB entitlement as a direct payment through the Family Assistance Office (FAO) or through the tax system—see **Choices for claiming FTB** on page 70.

If you already know you are eligible for FTB because you or your spouse received fortnightly payments from the FAO (paid by Centrelink), this section will help you work out if your payments included FTB Part B. Your FTB payments would have included Part B if you satisfy the tests described under **Part B** on page 71. You need to know this to find out if you are eligible to claim a tax offset (formerly called rebate) at question **T1**. If you need help ring the FAO on **13 6150**.

Explanation of terms

Provided below is an explanation of terms used in this information section. If you are still unsure about a term after reading the definition, visit the FAO or ring on **13 6150**.

Adjusted taxable income (ATI)

The components of adjusted taxable income are as follows:

ADD UP

Taxable income

Adjusted fringe benefits

Net rental property losses

Tax-free pensions or benefits

Target foreign income

DEDUCT

50 per cent of child maintenance expenditure

Each of these components is described in detail below.

Taxable income

This is the amount that you have written at **TAXABLE INCOME OR LOSS** on your *2001 tax return for individuals*. If you have a taxable loss the amount to be included in your calculation of adjusted taxable income is zero.

Adjusted fringe benefits

This is the reportable amount of fringe benefits grossed down.

Any reportable fringe benefits will appear on your payment summary (formerly known as a group certificate). To gross down the reportable fringe benefits amount to get your adjusted fringe benefits use the following formula:

Adjusted fringe benefits = reportable fringe benefits amount X 51.5%

Net rental property losses

Net rental property losses are shown at **Net rent** item **20** on your tax return. Only include this amount if you have shown a rental loss—you will have printed **L** in the small box at the right of **Net rent**.

Tax-free pensions or benefits

These are the amounts of any of the following payments that you receive through:

- Centrelink
  - disability support pension paid to a person who is not old enough to receive the age pension
  - carer payment where both the carer and the person being cared for are not old enough to receive the age pension
  - wife pension where both the recipient and spouse, if applicable, are not old enough to receive the age pension
- Department of Veterans' Affairs
  - invalidity service pension where the recipient is not old enough to receive the age pension
  - disability pension, war widow's and war widower's pension
  - partner service pension where both partners are under age pension age and the veteran receives an invalidity service pension, or the veteran has died and received an invalidity service pension at the time of death
  - income support supplement paid on the grounds of invalidity if the person has not reached age pension age.

Tax-free pensions or benefits do not include bereavement payment, pharmaceutical allowance, rent assistance or remote area allowance.

Target foreign income

Target foreign income is foreign income, in Australian dollars, from sources outside Australia. Do not include any amounts you have already included in your taxable income and any foreign income received in the form of a fringe benefit.

If you received amounts of target foreign income throughout the income year, use the exchange rate applicable on

1 July 2000 to convert foreign amounts to Australian dollars. You will find the applicable exchange rates on the family assistance Internet site at **www.familyassist.gov.au** under 'How to calculate income' or you can visit the Family Assistance Office or ring on **13 6150**.

Child maintenance expenditure

Child maintenance expenditure is the amount of child maintenance (also known as child support) you pay to another person to maintain your natural or adopted child. In working out your adjusted taxable income (ATI) you deduct 50 per cent of the child maintenance you paid from the total of all the other amounts making up your ATI.

Assessment period

An assessment period is used to calculate your shared care percentage.

An assessment period begins on the latest of:
- the day on which the care of the dependent child starts to be shared OR
- the day on which care arrangements for the dependent child change OR
- 1 July in the income year being claimed for

AND ends on the earlier of:
- 30 June of the income year in which the period begins OR
- the day on which the care arrangements of the dependent child change.

The assessment period is not affected if there are short term absences (4 weeks or less) or minor variations to your shared care arrangements—for example, if a sick child does not stay with a contact parent for a weekend.

Care

This means that you had responsibility for the day-to-day care, welfare and development of the child. Generally, day-to-day care includes physical care.

Claim period

A claim period is the period for which you are claiming family tax benefit (FTB) through the tax system.

Family adjusted taxable income

This is the sum of your adjusted taxable income (ATI) and your spouse's ATI if you had a spouse.

Full care

This means that you and/or your spouse care for your children for the whole assessment period and you are claiming on behalf of your family.

Income support payment

Income support payments are all of the payment types that are listed at questions **5** and **6** on pages 21–3.

Prescribed educational scheme

A prescribed educational scheme is:
- the ABSTUDY schooling scheme or
- the ABSTUDY tertiary scheme or
- the Student Financial Supplement Scheme or
- the Veterans' Children Education Scheme or
- the Post-graduate Awards Scheme.

Shared care

This means that you and/or your spouse care for a child for some of the time during the assessment period and someone else—for example, your ex-spouse—cares for the child for the rest of the time such as weekends or school holidays. You can work out your **shared care percentage** as follows:

$$\frac{\text{Number of nights you or your spouse cared for the child in an assessment period}}{\text{Number of nights in the assessment period}} \times 100$$

The percentage can be different for different periods in a year if your pattern of care changes. If you have a different pattern of care for different children you will need to ring the Family Assistance Office (FAO) on **13 6150** for help in working out your shared care percentage.

Spouse

Your spouse is the person to whom you were married or with whom you lived in a de facto relationship at any time during the claim period, provided you were not living separately and apart on a permanent or indefinite basis. You may have had more than one spouse during the claim period—for example, you were married at the beginning of the claim period, then separated, then lived with a new spouse at the end of the claim period.

ELIGIBILITY

To be eligible to claim FTB **you** must:
- be an Australian resident for social security purposes or the holder of an approved visa for the purposes of FTB. If you are unsure about your residency status visit the FAO or ring on **13 6150**.
- not reside outside Australia for longer than 3 years
- provide care to a dependent child
- care for the dependent child for a minimum of 10 per cent of the assessment period, if you share the care of a dependent child with another person who is not your spouse. For example, if you share the care over a full income year you must have cared for the child for at least 37 days of that income year.

Did YOU satisfy these eligibility criteria?

NO ☐ ▶ You cannot claim FTB. You do not need to continue reading this information section. Go to **TAX OFFSETS contents** on page 72.

YES ☐ ▼ Read on.

The **dependent child** must:
- be in your care and you must be responsible (whether alone or jointly with someone else) for their day-to-day care, welfare and development
- be an Australian resident or live with you
- not be your spouse
- not reside outside Australia for longer than 3 years
- have an adjusted taxable income (ATI) of less than the income limit in the **Adjusted taxable income limits for a dependent child** table on the next page

- not receive (or someone on their behalf) a social security pension or benefit or a payment under a labour market program
- if aged 16 or older, not receive payments under a prescribed educational scheme—see **Explanation of terms**.

Part A is paid for each dependent child you care for where the dependent child is under 21, and for those dependent children aged 21 to under 25 who are in full-time study.

Part B is paid for one child until the youngest child turns 16; or until the end of the calendar year in which the youngest child turns 18, provided that the child is studying full time and does not receive certain social security or educational payments.

A child that dies shortly after birth can still be a dependent child. A bereavement payment may apply in this case.

Adjusted taxable income limits for a dependent child

If your child's adjusted taxable income (ATI) in 2000–01 was equal to or greater than the income limits in the following table, they are not considered a dependent child and you cannot claim family tax benefit (FTB) for that child.

For more information about what is included in ATI see **Explanation of terms**.

Age of child	*Income limits*
Under 5 years	No limit
5 to 15 years studying full time	No limit
5 to 15 years not studying full time	$7663
Aged 16 to under 25	$7663

Did ANY of the children you care for satisfy the eligibility criteria?

NO ☐ ▶ You cannot claim family tax benefit (FTB). You do not need to continue reading this information section. Go to **TAX OFFSETS contents** on page 72.

YES ☐ ▼ Read on.

CHOICES FOR CLAIMING FTB

You have 2 choices in the way you can claim an FTB entitlement.

1. As a direct payment—through the Family Assistance Office (FAO)

You can claim a fortnightly payment by lodging a direct payment FTB claim at any office of the FAO. You can also claim a direct payment lump sum for a past period through the FAO.

When is it best to claim FTB as a direct payment?

- if you received an income support payment—see **Explanation of terms**—you **must** claim through the FAO
- if you are entitled to rent assistance—rent assistance is not payable through the tax system
- if your family adjusted taxable income (ATI) is below $28 200—you may be entitled to a health care card.

If you choose the direct payment method you will need to lodge your direct payment claim with the FAO, if you have not already done so. The FAO is located within Centrelink, Medicare offices and ATO*access* and enquiry sites. For further information ring the FAO on **13 6150** between 8 a.m. and 8 p.m. Monday to Friday.

Note If you or your spouse have already claimed or intend claiming a direct payment of FTB through the FAO you cannot claim FTB through the tax system for the same period.

2. Through the tax system

You can claim FTB as a lump sum, end-of-year entitlement through the tax system.

You can claim FTB through the tax system—**but you cannot claim it as part of your tax return**. You must complete a separate form, the *2001 family tax benefit (FTB) tax claim* (NAT 4117—6.2001) and then lodge it **with** your 2001 tax return. You will need to read the *Family tax benefit (FTB) tax claim instructions* (NAT 4108—6.2001) before you complete your FTB tax claim. To find out how to get these publications see the inside back cover of *TaxPack*.

You may have anticipated your end-of-year FTB entitlement through reduced amounts of withholding. If you did so you must **also** complete and lodge an FTB tax claim **with** your tax return.

How does your income affect your FTB entitlement?

Part A

The amount of Part A you receive depends on your family adjusted taxable income (ATI). Your family ATI is the total of your and your spouse's ATI. If at any time during the income year your family ATI is less than the Part A family adjusted taxable income limits in the table on the next page, you are entitled to Part A.

When using the table, use the age of your dependent child or children at 30 June 2001.

If your dependent child turned 25 during the income year count the child in the NUMBER OF DEPENDENT CHILDREN AGED 18 TO UNDER 25 row.

- If all your dependent children were under 18 years, *go to* step 1.
- If all your dependent children were aged 18 to under 25, *go to* step 2.
- If you have dependent children in both age brackets, *go to* step 3.

Part A family adjusted taxable income limits

NUMBER OF DEPENDENT CHILDREN UNDER 18 YEARS (columns); NUMBER OF DEPENDENT CHILDREN AGED 18 TO UNDER 25 (rows)

	0	1	2	3	4	5	6
0		$76 249	$82 497	$88 746	$95 688	$102 630	$109 572
1	$77 356	$83 605	$89 853	$96 795	$103 737	$110 679	$117 621
2	$84 712	$90 960	$97 902	$104 844	$111 786	$118 728	$125 670
3	$92 067	$99 009	$105 951	$112 893	$119 835	$126 777	$133 719
4	$100 117	$107 059	$114 001	$120 943	$127 885	$134 827	$141 769
5	$108 166	$115 108	$122 050	$128 992	$135 934	$142 876	$149 818
6	$116 215	$123 157	$130 099	$137 041	$143 983	$150 925	$157 867

- If you had more than 6 children in an age group add $6943 for each dependent child under 18 and add $8050 for each other dependent child aged 18 to less than 25 years.
- Your income limit may also be increased by the multiple birth allowance if you had full care of triplets or greater aged under 6 years: for triplets add $8444 and for quadruplets or greater add $11 267.

Step 1
In the table above, find the column that shows the number of your dependent children under 18 years. Your income limit is the amount shaded **blue** in your column. *Go to* step 4.

Step 2
In the table above, find the row that shows the number of your dependent children aged 18 to under 25. Your income limit is the amount shaded **pink** in your row. *Go to* step 4.

Step 3
If you have dependent children in both age brackets, your income limit is the unshaded amount in both your column and your row.

Step 4
If your family income is equal to or more than the income limits in the table you are not entitled to Part A, but you may be entitled to Part B. *Read on*.

Example

If you had one dependent child under 18 years and no dependent children aged 18 to under 25, your income limit is $76 249. If you had no dependent children under 18 years and 3 dependent children aged 18 to under 25, your income limit is $92 067. If you have 3 dependent children under 18 years and 2 dependent children aged 18 to under 25, your income limit is $104 844.

Are you eligible to claim Part A?

YES ☐ ▶ If you want to claim through the tax system you will need to complete the *2001 family tax benefit (FTB) tax claim*. To find out how to get this publication see the inside back cover of *TaxPack*.

NO ☐ ▶ Read on.

UNSURE ☐ ▶ Visit the Family Assistance Office or ring on **13 6150**.

Part B
If you were a single parent at any time during the claim period your income will not affect your Part B entitlement for that time.

If you were a member of a couple, only the lower earner's adjusted taxable income is taken into account when determining entitlement to Part B. Use the table below to work out if you are entitled to Part B.

Age of youngest dependent child	*Lower earner's income limit*
Under 5 years	$10 291
5 to 18 years*	$ 7 663

* If your youngest child was aged 16 to 18 at any time during the claim period you can only be entitled to Part B for that child if they were studying full time. If the child was 18 you will be entitled to Part B until 31 December of the year they turned 18.

Are you eligible to claim Part B?

YES ☐ ▶ If you want to claim through the tax system you will need to complete the *2001 family tax benefit (FTB) tax claim*. To find out how to get this publication see the inside back cover of *TaxPack*.

NO ☐ ▶ You are not eligible to claim FTB. Go to **TAX OFFSETS contents** on page 72.

UNSURE ☐ ▶ Visit the Family Assistance Office or ring on **13 6150**.

Tax offsets **T1** to **T10**—formerly called rebates—provide you with tax relief. These types of tax offsets are not deductions and most will not give you a refund. Deductions are taken off your income to work out your taxable income. We work out the tax on your taxable income. The amount of this tax is then reduced by your tax offsets.

If your tax offsets are greater than the tax on your taxable income, they can only reduce the amount of tax you pay this year to zero. There are 3 exceptions:

- the 30% private health insurance rebate, where any excess is refunded to you
- the landcare and water facility tax offset, where any excess is carried forward and used to reduce a future tax liability
- the franking tax offset where any excess imputation credits on dividends paid to you on or after 1 July 2000 are refunded to you (see question **11**).

Generally, tax offsets do not reduce your Medicare levy. Where you have excess refundable tax offsets available, these can be applied to reduce your tax, including Medicare levy.

Generally, being able to claim a tax offset depends on things like maintaining a dependant or living in a remote area—or on how much taxable income you earned.

TAXPACK 2001

TAX OFFSETS

You will need to complete the *2001 tax return for individuals* (supplementary section) to claim the following tax offsets. For more information see page 88.

TaxPack 2001 supplement

www.ato.gov.au

Question T1 SPOUSE (WITHOUT DEPENDENT CHILD OR STUDENT), CHILD-HOUSEKEEPER OR HOUSEKEEPER

Did you have a spouse—married or de facto—a child-housekeeper or a housekeeper?

NO ☐ ▶ Go to question **T2**. **YES** ☐ ▼ Read below.

Note

We tell you about separate net income (SNI) in **What is separate net income?** on pages 66–7. Read that section carefully before answering this question.

Did you have dependent children for any part of the year?

NO ☐ ▼ You are not eligible for family tax benefit (FTB) Part B. Go to part A below.

YES ☐ ▼ You must have read pages 68–71 to work out if you are eligible for family tax benefit (FTB) Part B before continuing with this question.

YOU NEED TO KNOW

The 'with-child' rate of spouse tax offset has been incorporated into FTB and is **no longer available as a tax offset**. If you, or your spouse during any period they were your spouse, were eligible for FTB Part B during 2000–01, you are only allowed to claim the tax offsets at this question in the following circumstances:

- you or your spouse received FTB part B for part of the year—you may be able to claim a tax offset for the rest of the year
- you or your spouse were in a shared care arrangement—you may be able to claim a tax offset for the period that your dependent child was not in your care.

If neither circumstance applied to you, you will not be able to claim a tax offset at part A or part B of this question. *Go to* part C on page 77.

PART A—Did you have a dependent spouse—married or de facto?

NO ☐ ▶ Go to part B. **YES** ☐ ▼ Read below.

YOU NEED TO KNOW

The maximum dependent spouse tax offset that you may be able to claim is $1365.

You can claim a dependent spouse tax offset only for the period your spouse was an Australian resident.

You are not eligible for a dependent spouse tax offset if the SNI of your spouse was over $5741. If you had the same spouse for the whole year and you or your spouse were entitled to FTB Part B for the whole year at the full care rate, you are not eligible for a dependent spouse tax offset. The full care rate applies if you did not share the care of any of your dependent children with someone other than your spouse for 10 per cent or more of the time during any part of the year.

If you are not eligible for a dependent spouse tax offset *go to* part B on page 75. Otherwise, *read on*.

Note

If you are claiming the spouse tax offset you also need to complete **Spouse details—married or de facto** on pages 6–7 of your tax return. You must also complete **Your spouse's name** on page 1 of your tax return.

Partial tax offset

You may be entitled to claim a partial tax offset if you were an Australian resident for tax purposes, and during 2000–01:

- your spouse became or ceased to be an Australian resident
- you married or entered into a de facto relationship
- you divorced or separated
- you or your spouse (during any period they were your spouse) were entitled to FTB Part B for only part of the year.
- you or your spouse (during any period they were your spouse) were entitled to FTB Part B based on a shared care rate.

WORKING OUT YOUR DEPENDENT SPOUSE TAX OFFSET

Spouse for the whole year

If you had the same spouse for the whole year and neither you nor your spouse were entitled to FTB Part B at ANY time during the year write $1365 at (c) step 1 in the table on the next page. This is your maximum available tax offset. Then *go to* step 2.

If you had a spouse for the whole year and you or your spouse were entitled to FTB Part B for only part of the year, *multiply* the number of days that you or your spouse were NOT entitled to FTB Part B by $3.74 (the daily rate). This will give you the part-year component of your maximum available tax offset. *Write* the amount you calculated at (a) in the table below. If you were also entitled to FTB Part B shared care *go to* **Shared care rate FTB Part B** below.

Spouse for part year

Work out how many days during the year you had a spouse. Then *work out* how many of these days you and your spouse were NOT entitled to FTB Part B. *Multiply* this number by $3.74 (daily rate). This will give you the part-year component of your maximum available tax offset. *Write* the amount you calculated at (a) in the table below. If you were also entitled to FTB Part B shared care *go to* **Shared care rate FTB Part B** below.

Example 1

Belinda and Steve were married on 1 October 2000. Belinda had no SNI for the year. From 1 October 2000 they had full care of Steve's daughter Nicole. (Steve's former spouse had full care of Nicole before 1 October 2000.) Nicole left school at the end of 2000. She turned 16 on 30 April 2001. Therefore, Belinda and Steve were only entitled to FTB Part B for Nicole from 1 October 2000 until 30 April 2001 (212 days). Steve had a spouse for 273 days during 2000–01. This means that Steve can claim a dependent spouse tax offset for 61 days (273 days minus 212 days).

Shared care rate FTB Part B

If you had a spouse for any period during the year *add up* the number of days during that period that you or your spouse were entitled to FTB Part B based on a shared care rate. *Multiply* the number of days by $3.74 (the daily rate). Then *multiply* this result by 100 per cent **minus** the shared care percentage (see explanation on page 69). This will give you the shared care component of your maximum available tax offset. *Write* the amount you calculated at (b) in the table below.

Example 2

Pam and Dennis were married for the whole of 2000–01. Pam had no separate net income (SNI) for the year. They make an agreement with Pam's former spouse that they will start to share the care of Pam's son, Jason, on 1 October 2000. (Pam's former spouse had full care of Jason before 1 October 2000.) Jason is 16 and a full-time student. During the period 1 October 2000 to 30 June 2001 (273 days) their shared care percentage was 40 per cent. Therefore, Pam and Dennis were entitled to FTB Part B at a shared care rate for Jason for 273 days. Dennis had a spouse for 365 days during 2000–01. This means that Dennis works out his dependent spouse tax offset for:

- the period before they started sharing the care of Jason (1 July to 30 September)—92 days at the daily rate ((a) in the table below) PLUS
- the period they were entitled to FTB Part B at a shared care rate (1 October to 30 June)—273 days at the daily rate multiplied by 60 per cent (100 per cent minus the 40 per cent shared care percentage ((b) in the table below).

Note: If the shared care percentage changed during the year you will need to do this calculation for each period during the year that the percentage was different.

Work through the following table.

How to claim your dependent spouse tax offset

	Part-year component of your maximum available tax offset	(a)	$
	Shared care component of your maximum available tax offset	(b)	$
Step 1	*Add up* any amounts at (a) and (b) and *write* the total at (c). This is your maximum available tax offset (cannot be more than $1365).	(c)	$
Step 2	If your spouse's SNI was less than $286, *write* the amount from (c) at (h) step 6, then *go to* step 7. Otherwise, *continue* to step 3.		
Step 3	If your spouse's SNI was $286 or more, *write* the amount at (d).	(d)	$
Step 4	SNI at which the tax offset begins to reduce	(e)	$282
	Take (e) away from (d).	(f)	$
Step 5	*Divide* (f) by 4.	(g)	$
Step 6	*Take* (g) away from (c).	(h)	$
Step 7	If the amount at (h) is equal to or less than **$0** you cannot claim a tax offset; *go to* part B on page 75. If the amount at (h) is more than **$0**, this is your allowable tax offset.		
Step 8	*Write* your allowable tax offset from (h) at **P** item **T1**, or on a piece of notepaper if you are going to claim a child-housekeeper or housekeeper tax offset for another part of the year. Do not show cents.		
Step 9	Leave blank the **CLAIM TYPE** box at the right of **P** item **T1**.		
Step 10	*Complete* **Spouse details—married or de facto** on pages 6–7 of your tax return. Provide relevant details including your spouse's SNI at **R**. If your spouse did not have any SNI *write* **'0'**. You must also complete **Your spouse's name** on page 1 of your tax return.		

If you are going to claim a child-housekeeper or housekeeper tax offset, *go to* part B on page 75.
If not, *go to* **Check that you have** on page 78.

PART B—Did you have a child-housekeeper?

NO ☐ ▶ Go to part C. **YES** ☐ ▼ Read below.

You may be able to claim a child-housekeeper tax offset if your child, adopted child or stepchild kept house for you on a full-time basis. Keeping house means more than just childminding or performing domestic duties. It includes having some responsibility for the general running of the household.

You cannot claim a child-housekeeper tax offset for any period that:
- you lived with your spouse—married or de facto—or
- you were entitled to family tax benefit (FTB) Part B based on a full care rate.

You cannot claim a tax offset if the separate net income (SNI) of your child-housekeeper was:
- over $5741 and you did not have another dependent child under 16 or student under 25
- over $6830 and you did have another dependent child under 16 or student under 25.

You may be entitled to a partial child-housekeeper tax offset if:
- you or your spouse (during any period they were your spouse) were entitled to FTB Part B for only part of the year
- you or your spouse (during any period they were your spouse) were entitled to FTB Part B based on a shared care rate.

Your tax offset does not increase if you had more than one dependent child or student other than your child-housekeeper.

WORKING OUT YOUR CHILD-HOUSEKEEPER TAX OFFSET

Child-housekeeper for the whole year

If you had a child-housekeeper for the whole year and you were not entitled to FTB Part B at ANY time during the year *write* at (c) step 1 in the table on the next page $1365 if you had no other dependent child or student (COLUMN 1) or $1637 if you had another dependent child or student (COLUMN 2). This is your maximum available tax offset. Then *go to* step 2.

If you had a child-housekeeper for the whole year and you were entitled to FTB Part B for only PART of the year *multiply* the number of days that you were NOT entitled to FTB Part B by the relevant daily rate from the table on the next page. This will give you the part-year component of your maximum available tax offset. *Write* the amount you calculated at (a) in the table on the next page. If you were also entitled to FTB Part B shared care *go to* **Shared care rate FTB Part B** below.

Child-housekeeper for part year

Work out the number of days during the year that you had a child-housekeeper. Then work out the number of these days you were NOT entitled to FTB Part B. *Multiply* this number by the daily rate in the relevant column in the table on the next page. This will give you the part-year component of your maximum available tax offset. *Write* the amount you calculated at (a) in the table. If you were also entitled to FTB Part B shared care *go to* **Shared care rate FTB Part B** below.

Shared care rate FTB Part B

If you were entitled to FTB Part B based on a shared care rate for any period of the year, *add up* the number of days during that period that you had a child-housekeeper. *Multiply* the number of days by the daily rate in the relevant column in the table on the next page. Then *multiply* this result by 100 per cent **minus** the shared care percentage (as in Example 2 on page 74). This will give you the shared care component of your maximum available tax offset. *Write* the amount you calculated at (b) in the table.

Note: If the shared care percentage changed during the year you will need to do this calculation for each period during the year that the percentage was different.

Work through the table on the next page.

How to claim your child-housekeeper tax offset

Use COLUMN 1 if you had a child-housekeeper and did not have another dependent child under 16 or student under 25.

Use COLUMN 2 if you had a child-housekeeper and another dependent child under 16 or student under 25 and the separate net income (SNI) of the dependent child or student was less than $1786.

If the child or student was your dependant for only part of 2000–01, use the COLUMN 2 daily rate if their SNI was less than $282 plus $28.92 for each week you maintained them. Otherwise use the COLUMN 1 daily rate.

			COLUMN 1 *No other dependent child or student*	COLUMN 2 *Another dependent child or student*
			$1365 for the whole year (maximum) or $3.74 a day	$1637 for the whole year (maximum) or $4.49 a day
	Part-year component of your maximum available tax offset	(a)	$	$
	Shared care component of your maximum available tax offset	(b)	$	$
Step 1	*Add up* any amounts at (a) and (b) and *write* the total at (c) (cannot be more than $1365 or $1637).	(c)	$	$
Step 2	*Write* your child-housekeeper's SNI at **V** item **T1** on your tax return. Do not show cents. If your child-housekeeper did not have any SNI *write* **'0'**. If your child-housekeeper's SNI was less than $286, you will receive the full tax offset shown at (c) in your column. *Go to* step 7. Otherwise, *go to* step 3.			
Step 3	If your child-housekeeper's SNI for the year was $286 or more, *write* the amount at (d). Do not show cents. Make sure you have also written this amount at **V** item **T1**.	(d)	$	$
Step 4	SNI at which the tax offset begins to reduce	(e)	$282	$282
	Take (e) away from (d).	(f)	$	$
Step 5	*Divide* (f) by 4.	(g)	$	$
Step 6	*Take* (g) away from (c). If the amount at (h) is equal to or less than $**0** you cannot claim a tax offset; *go to* part C on page 77. If the amount at (h) is more than $**0**, this is your allowable tax offset.	(h)	$	$
Step 7	*Write* your allowable tax offset at **P** item **T1** or *add it* to the amount you are claiming for spouse tax offset. If you are not going to claim a housekeeper tax offset for another part of the year at part C of this question, *write* the total at **P** item **T1**. Do not show cents. If you are going to claim a housekeeper tax offset, *write* your tax offset entitlement so far on a piece of notepaper and *go to* part C. Otherwise, *continue* to step 8.			
Step 8	*Print* one of the following code letters in the **CLAIM TYPE** box ☐ at the right of **P** item **T1**: **H** — if you are claiming a child-housekeeper tax offset only **C** — if you are claiming a spouse tax offset for part of the year and a child-housekeeper tax offset for another part of the year.			

PART C—Did you have a housekeeper?

NO ☐ ▶ Go to **Check that you have.**

YES ☐ ▼ Read below.

YOU NEED TO KNOW

Keeping house means more than just childminding or performing domestic duties. It includes having some responsibility for the general running of the household. You cannot claim this tax offset if your housekeeper only keeps house part time.

You cannot claim both a spouse tax offset and a housekeeper tax offset for the same period. Generally, if you had a spouse you cannot claim a housekeeper tax offset—read the section **If you had a spouse** in the next column.

You cannot claim a housekeeper tax offset and a child-housekeeper tax offset for the same period of time.

IF YOU DID NOT HAVE A SPOUSE

Eligibility criteria

Your housekeeper worked full time keeping house in Australia for you and cared for:

- a child of yours under 16, irrespective of the child's separate net income (SNI) or
- any other child under 16 (including a student under 16) who was your dependant and whose SNI was less than $1786 or
- your invalid relative who is your dependant (see page 66) and for whom you can claim a dependant tax offset—if you are unsure you will need to read question **T8** in *TaxPack 2001 supplement*.

If you do not meet these eligibility criteria *go to* **Check that you have** on the next page. Otherwise *read on*.

You do NOT qualify for a housekeeper tax offset if you were entitled to full care family tax benefit (FTB) Part B for the whole income year. If this applies to you, *go to* **Check that you have** on the next page. If you were not entitled to FTB Part B or you were entitled to FTB Part B for only part of the year or based on a shared care rate, *work through* the table on the next page.

IF YOU HAD A SPOUSE

Generally you cannot claim a housekeeper tax offset unless:

- your spouse received a disability support pension or
- you otherwise qualify for a housekeeper tax offset—see **Eligibility criteria** in the previous column—and you are not entitled to a spouse tax offset, and special circumstances apply (see below).

Where your spouse receives a disability support pension

- You are eligible to claim a housekeeper tax offset even if you have also claimed a spouse tax offset.
- You are eligible to claim a housekeeper tax offset even if you are also entitled to FTB Part B.

Work through the table on the next page.

Where special circumstances apply

Examples of special circumstances

- Your spouse deserted you and your children—and you are not living in a de facto relationship.
- You have a child with a severe mental disability who requires constant attention.
- Your spouse suffers from an extended mental illness and is medically certified as being unable to take part in the care of your children.

You do NOT qualify for a housekeeper tax offset if you were entitled to full care FTB Part B. *Go to* **Check that you have** on the next page. If you were not entitled to FTB Part B or you were entitled to FTB Part B for only part of the year or based on a shared care rate, *work through* the table on the next page.

You will need to provide additional information. *Print* SCHEDULE OF ADDITIONAL INFORMATION—QUESTION T1 PART C on the top of a separate piece of paper and explain your situation. Include your name, address and tax file number. *Print* **X** in the **YES** box at *Taxpayer's declaration* question 2a on page 8 of your tax return. *Sign* and *attach* your schedule to page 3 of your tax return.

How to claim your housekeeper tax offset

		COLUMN 1 *No dependent child or student*	COLUMN 2 *With one (or more) dependent child or student (under 16)*
Step 1	If you qualified for a housekeeper tax offset for the whole year and: • neither you, nor your spouse during any period they were your spouse, were entitled to family tax benefit (FTB) Part B at ANY time during the year or • your spouse received a disability support pension for the whole year *write* the appropriate amount from COLUMN 1 or 2 ($1365 or $1637) at (d) step 5, then follow the instructions in step 5.	$1365 for the whole year or $3.74 a day	$1637 for the whole year or $4.49 a day
Step 2	If you qualified for a housekeeper tax offset for the whole year *work out* the number of days that you, or your spouse during any period they were your spouse, were either: • NOT entitled to FTB Part B or • were ENTITLED to FTB Part B, but your spouse was receiving a disability support pension. *Multiply* this number by the daily rate ($3.74 or $4.49) and *write* the amount you calculated at (a), then *go to* step 4.	(a) $	$
Step 3	If you qualified for a housekeeper tax offset for only part of the year *work out* the number of days during that part year that you, or your spouse during any period they were your spouse, were either: • NOT entitled to FTB Part B or • were ENTITLED to FTB Part B, but your spouse was receiving a disability support pension. *Multiply* this number by the daily rate and *write* the amount you calculated at (b).	(b) $	$
Step 4	If—for any period during the year—you did NOT have a spouse receiving a disability support pension and you qualified for a housekeeper tax offset, *add up* the number of days during that period that you, or your spouse during any period they were your spouse, were entitled to FTB Part B based on a shared care rate. *Multiply* the number of days by the daily rate. Then *multiply* the result by 100 per cent **minus** the shared care percentage. (as in Example 2 on page 74) and *write* the amount you calculated at (c). **Note**: If the shared care percentage changes during the year you will need to do this step for each period during the year that the percentage was different.	(c) $	$
Step 5	*Add up* any amounts at (a), (b) and (c) and *write* the total at (d). If you are also claiming a spouse or child-housekeeper tax offset, *add* the amount at (d) to the other amount on your notepaper. *Write* the amount at (d) or the total from your notepaper at P item **T1**. *Print* the letter **C** in the **CLAIM TYPE** box ☐ at the right of P item **T1** on your tax return if you are also claiming a spouse tax offset. If not, *print* the letter **H**.	(d) $	$

Check that you have . . .

- ✓ worked out your child-housekeeper's separate net income (SNI), if required, and written the amount on your tax return
- ✓ written on your tax return your total tax offset
- ✓ printed on your tax return the correct code letter in the **CLAIM TYPE** box, if required
- ✓ completed **Spouse details—married or de facto**—including SNI, on pages 6–7 of your tax return and **Your spouse's name** on page 1 of your tax return
- ✓ attached to page 3 of your tax return your signed SCHEDULE OF ADDITIONAL INFORMATION—QUESTION T1 PART C, if you need to send us one.

Question T2 LOW INCOME AGED PERSON

On 30 June 2001 were you a male aged 65 years or more or a female aged 61.5 years or more but did not receive an age pension or service pension?

NO ☐ ▶ Go to question **T3**.

YES ☐ ▼ You may be eligible for the tax offset for low income aged persons. Read below.

To be eligible for this tax offset, you must meet these conditions:

- You must have been an Australian resident for age pension purposes—generally for 10 years.*
- You must not have received a Commonwealth of Australia government pension, allowance or payment listed at question **5** or **6**.
- You must not have been in prison for the whole of 2000–01.
- You satisfy the income test that applies to you:
  - You did not have a spouse—married or de facto—and your taxable income was less than $28 323.
  - You did have a spouse—married or de facto—and the combined taxable income of you and your spouse was less than $44 070.
  - You did have a spouse—married or de facto—and the combined taxable income of you and your spouse, where you 'had to live apart due to illness' or either of you was in a nursing home at any time in 2000–01, was less than $52 842.

Definition

'Had to live apart due to illness' is a term used to describe a situation where the living expenses of you and your spouse—married or de facto—are increased because you are unable to live together in your home due to the indefinitely continuing illness or infirmity of either or both of you.

Note

If you had a spouse—married or de facto—these eligibility tests are based on combined taxable income. However, your tax offset amount—excluding any transfer of unused spouse's tax offset—is calculated using your taxable income and the income limits set out in the **Tax offset thresholds** table on page 111.

If you are not eligible, *go to* question **T3**. Otherwise, *read on*.

YOU NEED TO KNOW

This tax offset applies at the same rate as the pensioner tax offset for Commonwealth of Australia government pensions.

Before you answer this question, make sure you have written your date of birth and your spouse's name on the front of your tax return and your income at the relevant questions in the income section of your tax return.

You need to know your spouse's taxable income for 2000–01. You also need to know your spouse's share for 2000–01 of any net income of a trust estate to which they are presently entitled and on which the trustee is assessed under section 98 of the *Income Tax Assessment Act 1936*, and which has not been included in your spouse's taxable income.

A reference to combined taxable income in this question includes the amount of any net income of a trust estate to which you or your spouse are presently entitled and on which the trustee is assessed under section 98.

* If you have been an Australian resident for less than 10 years you may be considered to have been a resident for age pension purposes if you have special circumstances—some examples are refugees and people covered by Social Security International Agreements. If this applies to you, ring the Personal Tax Infoline on the inside back cover of *TaxPack* for more information.

Completing this question

Step 1

Find the code letter that applies to your circumstances from the **Tax offset code letters** table below. This code letter tells us the amount of tax offset your entitlement will be based on.

If more than one code letter applies to you, use the letter that appears first in the following order: **A**, **B**, **C**, **D**, **E**. For example, if both **B** and **D** apply to you, use **B**.

Exceptions to this rule:

- If both **A** and **D** apply to you and your spouse's taxable income and any net income of a trust estate to which your spouse is presently entitled and on which the trustee is assessed under section 98 was less than $10 130, use **D** as this gives you the correct tax offset.
- If both **A** and **B** apply to you and your spouse's taxable income and any net income of a trust estate to which your spouse is presently entitled and on which the trustee is assessed under section 98 was less than $13 848, use **B** as this gives you the correct tax offset.

Tax offset code letters

If at any time during 2000–01, you were:

• single or widowed	**A**
• separated	**A**
If you and your spouse—married or de facto—'had to live apart due to illness' or either of you was in a nursing home at any time in 2000–01 and you are both eligible for this tax offset	**B**
If you and your spouse—married or de facto—'had to live apart due to illness' or either of you was in a nursing home at any time in 2000–01 but your spouse is ineligible to claim this tax offset due to the conditions on page 79	**C**
If you and your spouse—married or de facto—were living together and you are both eligible for this tax offset	**D**
If you and your spouse—married or de facto—were living together but your spouse is ineligible to claim this tax offset due to the conditions on page 79	**E**

Step 2

Print your code letter from the table above in the small box ☐ at the right of **N** item **T2** on your tax return.

Note If you do not print a code letter on your tax return or you print an incorrect code letter, processing of your tax return may be delayed.

Step 3

Have you used **B**, **C**, **D** or **E**? If so, you must complete **Spouse details—married or de facto** on pages 6–7 of your tax return. Provide relevant details including your spouse's taxable income at **O**. If your spouse had no taxable income *write* **'0'**.

Show at **T** your spouse's share of trust income on which the trustee is assessed under section 98 if it is not already included in your spouse's taxable income.

Remember to complete **Your spouse's name** on page 1 of your tax return.

If you have used code **B** or **D** and the combined taxable income of you and your spouse is less than $52 842 for code **B** or $44 070 for code **D**, you may be able to get any unused portion of your spouse's tax offset. By using the amount you write at **O** and **T** on your spouse details we will work out if you are entitled to have the unused portion transferred to you. We will make sure it comes off the amount of tax you would have to pay.

Check that you have . . .

- ✓ printed your tax offset code letter at **N** item **T2**
- ✓ written the relevant amounts at **O** and **T** **Spouse details—married or de facto** on page 7 of your tax return
- ✓ written on the front of your tax return your date of birth and your spouse's name.

DO YOU WANT TO WORK OUT YOUR TAX OFFSET?

You do not have to work out your tax offset. We will work it out for you from your taxable income details and your tax offset code letter.

If you do want to work out your tax offset, *go to* page 111.

Note A tax offset reduces the amount of tax you have to pay—see page 72.

Question T3 SUPERANNUATION CONTRIBUTIONS, ANNUITY AND PENSION

DO NOT SHOW AT THIS QUESTION:
- deductible non-employer sponsored **superannuation contributions**
- **superannuation contributions** on behalf of your spouse.

Other questions deal with these matters.

Refer to the relevant topics in the Index.

Did you:
- **make contributions to a complying superannuation fund or retirement savings account (RSA) OR**
- **receive income—shown at item 7—from an Australian superannuation annuity or pension?**

NO ☐ ▶ Go to question **T4**. **YES** ☐ ▼ Read below.

YOU NEED TO KNOW

There are 2 parts to this question:

Part A shows you how to record your personal undeducted superannuation contributions on your tax return and how to calculate the superannuation contributions tax offset.

Part B shows you how to calculate the superannuation annuity or pension tax offset.

PART A—Did you make personal contributions to a complying superannuation fund or RSA?

If you do not know whether your superannuation fund or RSA provider is a complying organisation, contact your fund or provider.

NO ☐ ▶ Go to part B. **YES** ☐ ▼ Read below.

YOU NEED TO KNOW

Personal undeducted superannuation contributions are contributions you made to a complying superannuation fund or RSA for which you have not claimed a deduction at item **D12** on your tax return (supplementary section). Item **D12** is where you would claim a deduction for personal superannuation contributions. This tax deduction is usually only available to self-employed people.

Undeducted contributions do not include contributions:
- made by your employer or
- made as part of a salary sacrifice or
- made on behalf of another person—for example, your spouse.

You can only claim the superannuation contributions tax offset if you are not eligible to claim a deduction for personal superannuation contributions (whether or not you do make such a claim). You would be eligible to claim a deduction if you did not receive any superannuation support from another person—for example, an employer during the year of income; or if your income from employment plus reportable fringe benefits was less than 10 per cent of your total assessable income plus reportable fringe benefits.

To continue with this question you need to know the sum of your assessable income and total reportable fringe benefits amounts.

Assessable income for the purposes of this question is the amount you wrote at **TOTAL INCOME OR LOSS** on page 2 of your tax return, unless:
- you have a distribution from a partnership or trust, income or losses from rent or business (including personal services income), a capital gain or foreign source income or
- you claimed a deductible amount for a pension or annuity at item **D8** on your tax return or **D11** on your tax return (supplementary section).

If one or more of these applied to you, you must ring the superannuation helpline on **13 1020** for help in working out your assessable income before you continue.

Your **total reportable fringe benefits amounts** is the amount you wrote at item **9** on your tax return.

If the sum of your assessable income and total reportable fringe benefits amounts is below $31 000, *go to* step 1.

If the sum of your assessable income and total reportable fringe benefits amounts is $31 000 or more, and for 2000–01 you did not receive a superannuation annuity or pension, *go to* question **T4**.

If the sum of your assessable income and total reportable fringe benefits amounts is $31 000 or more, and you did receive a superannuation annuity or pension, *go to* part B.

Step 1

Write the amount of your personal undeducted superannuation contributions at **T** item **T3** on your tax return. Do not show cents. If you do not know the amount, contact your superannuation fund or RSA provider.

Note If you have claimed, or are entitled to claim, a deduction for any personal superannuation contributions at item **D12** on your tax return you are not entitled to claim a tax offset here. *Go to* part B.

Step 2

Complete WORKSHEET 1.

WORKSHEET 1

Your total 2000–01 contributions (the amount you have written at **T** from step 1)	(a)	$
Maximum contributions for tax offset purposes	(b)	$1000
Write the lesser of (a) or (b).	(c)	$
Divide (c) by 10.	(d)	$

If the sum of your assessable income and total reportable fringe benefits amounts is less than $27 004, your tax offset is the amount at (d). *Go to* step 4.

If the sum of your assessable income and total reportable fringe benefits amounts is more than $27 003 but less than $31 000, *go to* step 3.

Step 3

Complete WORKSHEET 2.

WORKSHEET 2

Maximum contributions for tax offset purposes	(e)	$1000
Write the sum of your total assessable income and total reportable fringe benefits amounts here.	(f)	$
Threshold at which tax offset reduces	(g)	$27 000
Take (g) away from (f).	(h)	$
Divide (h) by 4.	(i)	$
Take (i) away from (e).	(j)	$
Divide (j) by 10.	(k)	$

Your tax offset is whichever is the lesser of the amounts you worked out at (d) on WORKSHEET 1 or (k) on WORKSHEET 2.

Step 4

Write your superannuation contributions tax offset on some notepaper together with the letter **S**. *Read on*.

PART B—Did you receive income from an Australian superannuation annuity or pension?

If you showed income from an Australian annuity or pension at item **7** on your tax return, you may be entitled to a tax offset equal to 15 per cent of all or part of your pension or annuity income.

NO ☐ ▶ Go to **Completing this question**.

YES ☐ ▼ Read below.

Before working out the tax offset, you will need to know the following about your pension or annuity:

- whether it qualifies for a tax offset; and how much of it is eligible for the tax offset. Contact your annuity or pension fund if you do not know either of these points
- the 'rebatable proportion'—this is the part of your pension or annuity that may be eligible for the pension tax offset. It may be 1, less than 1, or 0 and depends on the type and amount of your pension or annuity. The rebatable proportion is determined by the Australian Taxation Office (ATO) by measuring your pension or annuity against your reasonable benefit limit (RBL). Your rebatable proportion will be 1 unless you are issued with an RBL stating otherwise. Ring the superannuation helpline on **13 1020** if you need assistance
- any deductible amount from item **D8**.

How to work out your pension or annuity tax offset

(a) Work through steps 1 to 3 if:
- you were 55 years of age before 1 July 2000
- you turned 55 on or after 1 July 2000 and your pension started on or after your 55th birthday
- you are receiving a death or disability pension at any age.

(b) Work through steps 4 to 11 if:
- you turned 55 years of age on or after 1 July 2000 and your pension started before your 55th birthday.

Step 1
Take away any deductible amount at item **D8** from that part of your annuity or pension which is eligible for a tax offset.

Step 2
Multiply the answer from step 1 by the rebatable proportion of your annuity or pension.

Step 3
Work out 15 per cent of the answer you got at step 2. **This is your tax offset.** *Write* your annuity or pension tax offset on your notepaper together with the letter A. *Go to* **Completing this question**.

Step 4
Work out the amount of your annuity or pension that was paid to you on or after your 55th birthday.

Step 5
Work out the number of days from your 55th birthday to 30 June 2001.

Step 6
Work out the number of days from the day your annuity or pension started, to 30 June 2001. If it started before 1 July 2000, use 365 days.

Step 7
Divide the number of days at step 5 by the number of days at step 6.

Step 8
Multiply any deductible amount (at item **D8**) by the answer you got at step 7.

Step 9
Take away the answer you got at step 8 from the answer at step 4.

Step 10
Multiply the answer you got at step 9 by the rebatable proportion of your annuity or pension. Your rebatable proportion will be 1 unless you are issued with a reasonable benefit limit determination stating otherwise.

Step 11
Work out 15 per cent of the answer you got at step 10. This is your annuity or pension tax offset. *Write* your tax offset on your notepaper. *Read on*.

Completing this question

Step 1
Add up any amounts on your notepaper that you are entitled to claim as a tax offset from part A and part B of this question. *Write* the total figure at S item **T3** on your tax return. Do not show cents.

Step 2
If you are claiming the part A superannuation contributions tax offset only, *print* the letter **S** in the **CLAIM TYPE** box at the right of S item **T3**. If you are claiming the annuity or pension tax offset only, *print* **A**. If you are claiming both, *print* **C**.

Check that you have . . .

- ✓ written on your tax return the total of your 2000–01 contributions
- ✓ written on your tax return the total of the amounts that you are entitled to claim as a tax offset in parts A and B. Do not write the amount of pension you received
- ✓ printed on your tax return the correct code letter in the **CLAIM TYPE** box.

Question T4

30% PRIVATE HEALTH INSURANCE

Did you pay the premium, or did your employer pay the premium for you, for an appropriate private health insurance policy?

NO ☐ ▶ Go to **TAX OFFSETS FROM THE SUPPLEMENTARY SECTION** on page 88.

YES ☐ ▼ Read below.

Did you receive your full entitlement to the 30% private health insurance rebate from your health fund or Medicare?

NO ☐ ▼ Read below.

YES ☐ ▶ Go to **TAX OFFSETS FROM THE SUPPLEMENTARY SECTION** on page 88.

YOU NEED TO KNOW

The private health insurance rebate is 30% of the premium paid to a registered health fund for appropriate private health insurance cover. The rebate is not affected by your level of income.

The rebate can be claimed as:

- a reduction in your private health insurance premium through the health fund or
- a cash or cheque rebate from Medicare or
- a refundable tax offset at the end of the income year through your tax return or
- a combination of all options.

Note

If 2 people make payments for the same policy—for example, you make payments from a joint bank account—each person can claim a proportion of the rebate.

Are you eligible for the 30% private health insurance rebate?

You are eligible to claim the rebate if you have paid, or your employer has paid for you, the premium for an appropriate private health insurance policy. An 'appropriate private health insurance policy' is one provided by a registered health fund for hospital, ancillary—also known as Extras—or combined hospital and ancillary cover where every person covered by the policy is a person who is eligible to claim benefits under the Medicare system. Not all funds are registered. Check with your health fund if you are unsure.

How the rebate works

The rebate is on the premium you paid, or your employer has paid for you, for appropriate health insurance cover including payments made for cover for more than one income year—you work out your entitlement at 30% of the premium paid.

However, if the policy was one that was in existence during the 1998–99 income year and, before 1 January 1999, a person was eligible to apply for registration under the health insurance incentive scheme that operated until that date—the **old incentive scheme**—you may be able to claim more. You should compare the rebate that would have been available if the old incentive scheme was still operating, with that available under the present scheme based on 30% of the premium you paid, or your employer has paid for you, and claim the higher amount at this question.

The eligibility tests that applied for registration under the old incentive scheme are explained on page 87.

Did you receive a private health insurance statement from your health fund?

Your health fund should have sent you a statement showing the premium you have paid. If you paid a premium for more than one policy, you should have received a statement for each policy.

If you did not receive a statement you should contact your health fund or, if you know the premium you paid, you can still work out your entitlement from the steps following.

Completing this question

WHAT YOU MAY NEED

- a private health insurance statement
- the amount of any cash or cheque rebate received from Medicare for your private health insurance.

If you did not receive a statement you may also need:
- the amount of the premium paid
- the number of days covered by private health insurance
- the amount of premium reduction received from your health fund.

Step 1

If you did NOT receive a statement, *go to* step 3.

If you have a statement from all of the health funds you paid a premium to and the amounts at **G** on your statement(s) are **'0'** you have already received your full entitlement and you do not need to read any further in this question. *Go to* **TAX OFFSETS FROM THE SUPPLEMENTARY SECTION** on page 88.

If you have a statement and:
- no person was eligible to apply for registration under the old incentive scheme, you can claim the 30% amount shown at **G** on your statement less any cash or cheque rebate you have received from Medicare for your private health insurance premium. *Go to* WORKSHEET 1
- a person was eligible to apply for registration under the old incentive scheme, you may have 2 **G** amounts—30% of premiums paid, and the rebate that would have been available under the old incentive scheme. You can claim the higher amount, less any cash or cheque rebate you have received from Medicare for your private health insurance. *Go to* WORKSHEET 1.

WORKSHEET 1

Amount shown at **G** on your statement	(a)	$
Amount of any cash or cheque rebate you have received from Medicare for your private health insurance premium	(b)	$
Take (b) away from (a).	(c)	$

If (c) is **'0'** or a negative amount you have already received your full entitlement. *Go to* **TAX OFFSETS FROM THE SUPPLEMENTARY SECTION** on page 88.

The amount at (c) is the tax offset that you are eligible to claim on your tax return. If the amount includes cents, *round up* to the nearest dollar. *Go to* step 2.

Step 2

Write at **G** item **T4** on your tax return the amount of tax offset that you are entitled to claim. You must also complete **Private health insurance policy details**—see page 89 in *TaxPack 2001* for assistance. You have now completed this question. *Go to* **TAX OFFSETS FROM THE SUPPLEMENTARY SECTION** on page 88.

Step 3

If you do not have a statement you need to use the following worksheets to help you calculate your tax offset entitlement.

The examples on page 86 will help you with the worksheets.

WORKSHEET 2—Calculating the 30% amount

Total premiums for the policy *	(d)	$
Multiply (d) by 30.	(e)	$
Divide (e) by 100.	(f)	$
Your premium reduction amount from your health fund—if any	(g)	$
Take (g) away from (f).	(h)	$
Amount of any cash or cheque rebate you have received from Medicare for your private health insurance premium	(i)	$
Take (i) away from (h). *Round* this amount up to the nearest dollar.	(j)	$

* This is the total amount of premiums before any premium reduction or any cash or cheque rebate you have received from Medicare.

If no person was eligible to apply for registration under the old incentive scheme the amount at (j) is what you are entitled to claim. If (j) is **'0'** or a negative amount you have already received your full entitlement. *Go to* **TAX OFFSETS FROM THE SUPPLEMENTARY SECTION** on page 88. Otherwise *go to* step 4.

If a person was eligible to apply for registration under the old incentive scheme *complete* WORKSHEET 3 to find out if the rebate that would have been available under the old incentive scheme would have resulted in a higher tax offset.

WORKSHEET 3—Calculating the rebate under the old incentive scheme

Use the table below to work out the maximum annual rebate under the old incentive scheme.

MAXIMUM ANNUAL REBATE AMOUNT—OLD INCENTIVE SCHEME

Policy type	*Hospital cover only*	*Ancillary cover only*	*Hospital and ancillary cover*
Single	$100	$25	$125
Couple	$200	$50	$250
Family	$350	$100	$450

Where you had only one type of cover during the year, *write* the maximum annual rebate for the type of cover under the old incentive scheme.	(k)	$
Multiply (k) by the number of days the premium provided this type of cover for.*	(l)	$
Divide (l) by 365.	(m)	$
If your type of cover changed during the year, *repeat* steps (k), (l) and (m) for each type of cover and *add* the answers together for a total figure at (m).		
Take away from the total at (m) any amount at (g) in WORKSHEET 2.	(n)	$
Take away from (n) any amount at (i) in WORKSHEET 2. *Round* this amount up to the nearest dollar.	(o)	$

* The number of days you use here relates to the policy, not the calendar or income year.

The amount at (o) is the rebate that would have been available under the old incentive scheme. You are eligible to claim amount (j) in WORKSHEET 2 or amount (o) in WORKSHEET 3—whichever is higher. *Go to* step 4.

Step 4

Write at G item **T4** on your tax return the amount of tax offset that you are eligible to claim. You must also complete **Private health insurance policy details**—see page 89 in *TaxPack 2001* for assistance.

Examples of how to work out your tax offset entitlement

Example 1

Before 1 January 1999 Natalie took out a policy which provided hospital and ancillary cover for herself and her children. She paid a final premium of $950 in September 2000 for 6 months cover—1 September 2000 to 28 February 2001.

Natalie did not have a spouse on 30 June 2001. Her taxable income was $42 000. Natalie satisfied all the eligibility tests for registration under the old incentive scheme—see below—and did not receive a premium reduction or any cash or cheque rebate from Medicare. Natalie used WORKSHEET 2 to work out her 30% amount and WORKSHEET 3 to work out her rebate entitlement under the old incentive scheme. Her 30% amount is $285. Her rebate entitlement under the old incentive scheme is $223.15—rounded up to $224.

Natalie will claim the higher amount—$285—at G item **T4** and complete **Private health insurance policy details** on her tax return.

Example 2

Brendan has had a family policy for combined cover for himself, his wife Kylie, and their dependent child Nicholas since 1 July 1998. The annual premium was $1200. On 1 July 2000, Brendan paid a further premium to continue the policy for another year.

On 1 May 2001 Nicholas turned 25 and therefore no longer qualified as a dependent child.

Brendan received a $100 refund when the policy changed from a family policy to a couple policy. Brendan satisfied all of the eligibility tests for registration under the old incentive scheme—see below—and did not receive a reduced premium or any cash or cheque rebate from Medicare.

Brendan used WORKSHEET 2 to work out his 30% amount—$330 (30% of $1200 – $100). Because he was eligible to apply for registration under the old incentive scheme he also used WORKSHEET 3 to work out the rebate he would have got under the old incentive scheme.

Referring to the MAXIMUM ANNUAL REBATE AMOUNT—OLD INCENTIVE SCHEME table Brendan worked out his rebate amount for the time that Nicholas was a dependant (family policy)—1 July 2000 to 30 April 2001 (304 days)—and when he was not a dependant (couple policy)—1 May 2001 to 30 June 2001 (61 days).

During the time Nicholas was a dependant, Brendan's rebate entitlement under the old incentive scheme would have been $374.79. For the time Nicholas was not a dependant the rebate entitlement under the old incentive scheme would have been $41.78. This gives Brendan a total of $416.57, rounded up to $417 under the old incentive scheme.

Brendan's rebate under the old incentive scheme is higher than his 30% amount.

Brendan will write $417 at G item **T4** and complete **Private health insurance policy details** on his tax return.

The old incentive scheme

If the private health insurance policy is one that was in existence during 1998–99 and, before 1 January 1999, a person was registered or eligible to apply for registration under the Private Health Insurance Incentive Scheme (the old incentive scheme) that operated until that date, you may be entitled to a larger tax offset than one based on 30% of the premium you paid this income year. If the policy qualifies, you are entitled to compare the 2 amounts—the rebate that would have been available if the old incentive scheme was still operating, and the present tax offset based on 30% of the premium paid—and claim the higher amount.

Any person covered by the policy, other than a dependent child, could have registered, or been eligible to register, under the old incentive scheme. If the policy only covered dependent children, any one of their parents was eligible to register. However, the particular private health insurance policy had to be one:

- that was in existence before 1 January 1999 and provided appropriate private health insurance cover for 1998–99 and
- where the annual premium for 1998–99 was above the minimum premium threshold amount and
- where certain income tests were satisfied for 1998–99.

A policy provided appropriate private health insurance cover if it provided hospital cover or ancillary cover or both and the health fund annual premium during 1998–99 was not less than the relevant amount shown in the following table.

Minimum premium

Hospital cover	*Ancillary cover*
1 person $250	1 person $125
2 or more $500	2 or more $250

Definitions

Single policy income test—A single policy covers one person only. If you had a single policy and you did not have a spouse at any time in 1998–99, the income test was satisfied if your 1998–99 taxable income was less than $35 000.

If you did have a spouse at any time in 1998–99, the income test was satisfied if combined taxable income (see the next column) for 1998–99 was less than $70 000.

Couple policy income test—A couple policy covers 2 adults only. These adults may be related—for example, spouse or sibling—or unrelated. For a couple policy, the income test was satisfied if combined taxable income for 1998–99 was less than $70 000.

Family policy income test—A family policy can be:

- cover for one or more adults—related or unrelated—and at least one dependent child. This includes single parent families. The income test was satisfied if combined taxable income for 1998–99 was less than $70 000 plus $3000 for each dependent child after the first dependent child
- cover for 3 or more adults. The income test was satisfied if combined taxable income for 1998–99 was less than $70 000
- cover for 2 or more dependent children only. The income test was satisfied if combined taxable income for 1998–99 was less than $70 000 plus $3000 for each dependent child after the first dependent child.

Combined taxable income—used in the income tests above—means:

- the sum of the taxable income of each adult covered by the policy and their spouse—married or de facto—if they had a spouse on 30 June 1999
- for a policy that covered only a dependent child or children, the sum of the taxable income of each parent or guardian and their spouses—married or de facto—if they had a spouse on 30 June 1999. This applies only to a parent or guardian who contributed to the payment of the premiums, or arranged for a third party, such as an employer, to contribute.

Taxable income of a person includes any share of net income of a trust estate to which the person was entitled, and on which a trustee of the trust estate is assessed under section 98 of the *Income Tax Assessment Act 1936*.

If you had a child who was not a dependent child—for example, an adult child, such as an employed 19-year-old who lived with you—AND that child was covered by the policy, then their 1998–99 income must also be included in the taxable income amount.

Income derived by any dependent children is not included in the combined taxable income amount.

Spouse—includes a de facto spouse but does not include a person from whom you are permanently separated.

Dependent child

A child was regarded as a dependant for the old incentive scheme if all of the following applied:

- The child was under the age of 18 years or a full-time student under the age of 25 years.
- The child was covered by the policy and the health fund that issued the policy accepted the child as a dependent child for the purposes of the policy.
- The child did not have a spouse—married or de facto.

T TAX OFFSETS FROM THE SUPPLEMENTARY SECTION

CAUTION Read this question carefully—you may need to use *TaxPack 2001 supplement.*

AUSTRALIAN NEWSAGENT

The supplementary section of the tax return is located in the back of *TaxPack 2001 supplement*. If you don't already have a copy of *TaxPack 2001 supplement*, from 1 July to 31 October 2001 you can get a copy from newsagencies displaying this logo. Copies are also available all year from the Australian Taxation Office.

Are you entitled to claim a tax offset for any of the following?

- heritage conservation work
- interest from government securities
- interest from the land transport facilities tax offset scheme or infrastructure borrowings scheme
- landcare and water facility
- living in a remote or isolated area of Australia
- maintenance of your parent, spouse's parent or invalid relative
- net medical expenses over $1250
- serving overseas as a member of the Defence Force or a United Nations armed force
- superannuation contributions on behalf of your spouse

NO ☐ Go to **TOTAL TAX OFFSETS**.

YES ☐ You must complete the *2001 tax return for individuals* (supplementary section). Read below.

Completing this item

Step 1 *Complete* the page 9 details on the supplementary section of your tax return—if you haven't already. Use *TaxPack 2001 supplement* to complete the Tax offsets section.

Step 2 *Transfer* the amount you wrote at **TOTAL SUPPLEMENT TAX OFFSETS** on page 12 to **T** on page 4 of your tax return.

TOTAL TAX OFFSETS COMPLETING THIS ITEM

Step 1 *Add up* all the tax offset amounts at items **T1** to **T4** and **T** in the right-hand column on your tax return.

Step 2 *Write* the total amount at **U** **TOTAL TAX OFFSETS** on your tax return. Do not show cents. If you do not have any tax offsets, *write* '**0**'. *Read on.*

Tax offset for low income taxpayers

If you are an Australian resident for tax purposes and your taxable income is less than $24 450, you may get a tax offset.

The maximum tax offset of $150 applies if your taxable income is $20 700 or less. This amount is reduced by 4 cents for each dollar over $20 700.

We will work out your tax offset and make sure it comes off your tax. The tax offset will be shown on your notice of assessment. **Do not write anything about this tax offset on your tax return**.

CREDIT FOR INTEREST ON TAX PAID

Did you make a payment to the ATO more than 14 days before the due date for payment?

NO ☐ Go to **Private health insurance policy details.**

YES ☐ Read **Credit for interest on tax paid** on page s63 in *TaxPack 2001 supplement.*

PRIVATE HEALTH INSURANCE POLICY DETAILS

COMPLETING THIS ITEM

YOU NEED TO KNOW

The information on this page will help you complete **Private health insurance policy details** on page 4 of your tax return. You will need to complete this item if you claimed a tax offset at item **T4**. Question **M2 Medicare levy surcharge** on pages 95–8 in *TaxPack* may also direct you to complete this item.

If you received a statement from your registered health fund, your private health insurance policy details will be shown on the statement. If you did not receive a statement from your health fund, contact your fund. If you do not have a statement because your employer paid the premium for you, contact your fund or speak to the person who paid the premium.

Step 1 *Print* the identification (ID) code of your health fund at **B** **Health fund ID** on your tax return.

Step 2 *Print* your private health insurance membership number at **C** **Membership number**.

Step 3 In the **Type of cover** box *print* the code letter that describes the type of private health insurance cover you had.

Type of cover

	Code letter
Ancillary cover—also known as Extras	**A**
Hospital cover	**H**
Combined hospital and ancillary cover	**C**

Note

If you have used code letter **H** or **C** your liability for the Medicare levy surcharge may be reduced. Make sure you carefully read question **M2 Medicare levy surcharge** on pages 95–8 in *TaxPack*.

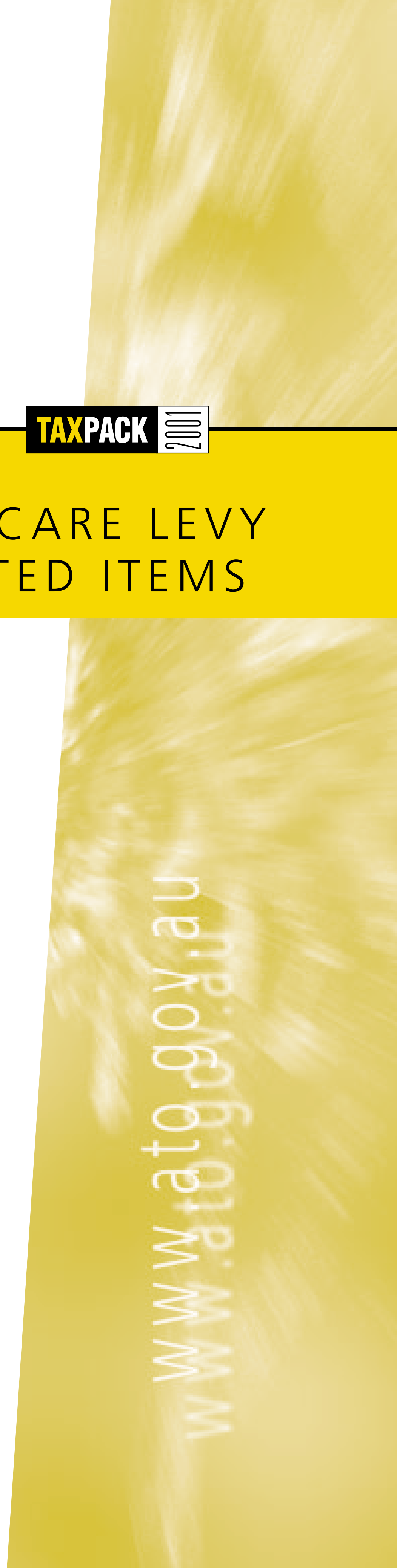
If you changed your type of cover during the year, *print* the code letter for the type of cover that gave you the highest level of cover. For example, if you had hospital cover and added ancillary cover during the year, use code letter **C**—for combined hospital and ancillary cover.

Did you have more than one policy during the year?

If you had up to 5 policies during 2000–01 you will need to complete steps 1 to 3 for each policy. If you had more than 5 policies during 2000–01, complete steps 1 to 3 for the first 5 policies, then on a separate piece of paper *print* SCHEDULE OF ADDITIONAL INFORMATION—PRIVATE HEALTH INSURANCE POLICY DETAILS. Tell us your name, address and tax file number, and list the ID code, membership number and type of cover for each of the policies you held. *Print* **X** in the **YES** box at *Taxpayer's declaration* question 2a on page 8 of your tax return. *Sign* and *attach* your schedule to page 3 of your tax return.

TAXPACK 2001

MEDICARE LEVY RELATED ITEMS



Medicare is the scheme which gives Australian residents access to health care.

To help fund the scheme, resident taxpayers are subject to a Medicare levy. Normally, your Medicare levy is calculated at 1.5 per cent of your taxable income. A variation to this calculation may occur in certain circumstances.

Generally, tax offsets do not reduce your Medicare levy. Where you have excess refundable tax offsets available (see page 72), these can be applied to reduce your tax, including Medicare levy.

In some cases you may be exempt from the levy or it may be reduced—this is the subject of question **M1**. You only need to complete this question if you belong to an exemption category or you are able to claim a reduction based on family income. Read pages 91–4 to work out if you are eligible for the exemption or the reduction based on family income.

Individuals and families on higher incomes who do not have private patient hospital cover may have to pay the Medicare levy surcharge—this is the subject of question **M2**. This surcharge is in addition to the Medicare levy and is calculated at 1 per cent of your taxable income (including your total reportable fringe benefits). You will need to read pages 95–8 to see if you have to pay the surcharge.

QUESTION **M2** IS COMPULSORY FOR ALL TAXPAYERS. If you do not complete item **M2** on your tax return you may be charged the full Medicare levy surcharge.

Question M1 MEDICARE LEVY REDUCTION OR EXEMPTION

Were you a low income earner or in one of the Medicare levy reduction or exemption categories?

Information to help you decide whether you are eligible for a Medicare levy reduction or exemption is given below.

NO ☐ Go to question **M2**. **YES** ☐ Read below.

YOU NEED TO KNOW

Most Australians are liable to pay the Medicare levy.
The normal levy is 1.5 per cent of your taxable income; however, this may vary according to your circumstances. Your taxable income is the amount you wrote at **TAXABLE INCOME OR LOSS** on page 3 of your tax return.

WHAT YOU MAY NEED

- your 2000–01 taxable income
- the 2000–01 taxable income of your spouse—married or de facto—if you had a spouse on 30 June 2001. If your spouse died during 2000–01, you are considered to have had a spouse on 30 June 2001 for the purposes of calculating any Medicare levy reductions based on family income
- the number of your dependent children and students during 2000–01
- the number of days you, your spouse and dependent children and students were in an exemption category.

PART A—Low income earner

You do not need to complete this question if:
- your taxable income was $13 807 or less. You do not have to pay the Medicare levy. Do not write anything at item **M1** on your tax return. *Go to* question **M2**
- your taxable income was more than $13 807 but less than $14 927 and you were not in either a Medicare levy reduction category based on family income—see part B on this page—or in one of the exemption categories on page 92. Your levy is reduced—calculated at 20 cents for every dollar above $13 807 but below $14 927.

Do not write anything at item **M1**. We will work out how much Medicare levy you have to pay. *Go to* question **M2**. Otherwise, *read on*.

PART B—Medicare levy reductions based on family income

YOU NEED TO KNOW

In part B, 'dependent children and students' means:
- any child under 16 you maintained who was not a full-time student and whose separate net income was less than $1786 (for the first child) or $1410 (for any additional child) and
- any full-time student under 25 you maintained whose separate net income was less than $1786.

If you were not married on 30 June 2001, or were married but living separately and apart from your spouse, for any child or student to be included within the term 'dependent children and students', family tax benefit Part A must have been payable to you in respect of that child or student for the whole or part of 2000–01 (see pages 68–71).

Note

See **What is maintaining a dependant?** and **What is separate net income?** on pages 66–7.

Part B categories

To be eligible for a reduced levy based on family income, you must have been in one of the following categories:

- You had a spouse—married or de facto—on 30 June 2001.
- Your spouse died during 2000–01.
- You are entitled to a child-housekeeper or housekeeper tax offset at item **T1** on your tax return or would be entitled if you were not eligible for the family tax benefit.
- You were a sole parent at any time during 2000–01. You were a sole parent if at any time during 2000–01 you had sole care of any dependent children or students. This includes any child for whom you had sole care, not just your own child.

  Sole care means that you alone had full responsibility, on a day-to-day basis, for the upbringing, welfare and maintenance of a child or student. You are not considered to have sole care if you are living with a spouse—married or de facto—unless special circumstances exist. Generally, for special circumstances to exist, you must be financially responsible for the dependent child or student and have sole care, without the support a spouse normally provides.

  Examples of situations where special circumstances may arise:
  - You were married at any time during 2000–01, but during the year you separated from or were deserted by your spouse, and for that period you were not in a de facto relationship.
  - Your spouse was in prison for a sentence of at least 12 months.
  - Your spouse is medically certified as being permanently mentally incapable of taking part in caring for the child or student.

  If you are unsure of whether special circumstances apply ring the Personal Tax Infoline on the inside back cover of *TaxPack*.

Your family income is the combined taxable income of you and your spouse—if you had a spouse on 30 June 2001 or your spouse died during the year. Otherwise, it is your taxable income.

If you were in one of the part B categories above and your family income was less than or equal to the relevant lower income limit in the **Family income** table in the next column, you do not pay the levy. However, you still need to complete steps 1 and 2. *Go to* step 1.

If your family income was greater than the relevant lower income limit but less than or equal to the relevant upper income limit, you pay a reduced levy. *Go to* step 1.

If your family income is above the relevant upper income limit you do not qualify for a reduced levy. *Go to* MEDICARE LEVY EXEMPTION CATEGORIES in the next column.

Family income

Number of dependent children and students during 2000–01	*Lower income limit*	*Upper income limit*
0	$23 299	$25 188
1	$25 439	$27 501
2	$27 579	$29 815
3	$29 719	$32 128
4	$31 859	$34 442

If you have more than 4 dependent children or students, you can extend this table. The lower income limit increases by $2140 for each additional child or student and the upper income limit increases by $2313 for each additional child or student.

To claim your reduced levy:

Step 1

If you had a spouse at any time during 2000–01, you must complete **Spouse details—married or de facto** on pages 6–7 of your tax return. You must also complete **Your spouse's name** on page 1 of your tax return.

Step 2

Write the number of your dependent children and students at **Y** item **M1** on your tax return. If you had none, *write* **'0'**. We will work out your reduced levy based on this information. If you wish to calculate the levy yourself, see pages 112–14. *Read on* to see if you are entitled to an exemption.

MEDICARE LEVY EXEMPTION CATEGORIES

YOU NEED TO KNOW

You were in one of the exemption categories if:

1. you were a blind pensioner or you received the sickness allowance from Centrelink
2. you were entitled to full free medical treatment for all conditions under Defence Force arrangements or Veterans' Affairs Repatriation Health Card (Gold Card) or repatriation arrangements
3. you were not an Australian resident for tax purposes
4. you were a resident of Norfolk Island
5. you were a member of a diplomatic mission or consular post in Australia—or a member of such a person's family and you were living with them—you were not an Australian citizen and you do not ordinarily live in Australia
6. you have a certificate from the Levy Exemption Certification Unit of the Health Insurance Commission showing that you are not entitled to Medicare benefits. A letter from Medicare is not sufficient.

If you were not in one of these exemption categories, you are not entitled to an exemption. *Go to* question **M2**.

If you were in exemption category 3 or 4 on the previous page for the whole income year you qualify for a full Medicare levy exemption regardless of whether or not you had dependants. *Write* 365 at V item **M1** on your tax return and *go to* question **M2**.

If you were in any other exemption category, you will need to complete part C or D.

YOU NEED TO KNOW

For parts C and D, 'dependant' means an Australian resident you maintained who was:
- your spouse
- a child of yours less than 16 years
- a child of yours aged 16 years or over but less than 25 years who was receiving full-time education at a school, college or university and whose separate net income was less than $1786.

See **What is maintaining a dependant?** and **What is separate net income?** on pages 66–7.

If the parents of a child lived separately or apart for all or part of the income year and the child was a dependant of each of them, the child is treated as a dependant of each parent based on the percentage of family tax benefit that was paid or is payable for that child in respect of that period.

Example: Leanne is a member of the Defence Forces for the whole income year. She shares the care of Daniel with her ex-spouse and receives 14 per cent family tax benefit based on the shared care arrangement. This means that Daniel is considered to be Leanne's dependant for Medicare levy exemption purposes for 51 days (14 per cent of 365) during the year.

PART C—Full levy exemption for all or part of 2000–01

CATEGORY 1 OR 2

You will qualify for a full exemption from the Medicare levy for a period in 2000–01 if you were in exemption category 1 or 2 on the previous page and you satisfied any of the following conditions during the whole of that period:
- You had no dependants for the period.
- All your dependants were also in one of the exemption categories.
- Your only dependant was your spouse who was not in an exemption category and has to pay the Medicare levy.
- You had dependent children who were not in an exemption category but they were also dependants of your spouse, who either has to pay the Medicare levy or who was in exemption category 1 or 2 and you have completed a **Family agreement** on page 94, declaring that your spouse will pay the half levy for your joint dependants.

To be eligible to complete a **Family agreement** it is a condition that both you and your spouse would, apart from your exempt category status, have to pay the Medicare levy.

If you do not meet any of these conditions, *go to* part D. If you meet any of the conditions, *go to* step 1.

CATEGORY 3 OR 4 FOR PART OF THE INCOME YEAR, OR CATEGORY 5 OR 6

If you were in exemption category 3 or 4 on the previous page for part only of 2000–01 or exemption category 5 or 6 for any period of 2000–01, you will qualify for a full Medicare levy exemption for that period if one of the following conditions applied:
- You had no dependants for that period.
- All your dependants were in an exemption category for that period.

If you do not meet either of these conditions you are not entitled to an exemption; *go to* question **M2**. If you meet either of these conditions, *go to* step 1.

To get a full levy exemption for a period:

Step 1

Write the total number of days that you and your dependants—if any—met the required conditions, at V item **M1** on your tax return.

If you were in more than one exemption category and the time you were in one exemption category overlaps with the time you were in another exemption category, only add up the number of days from the day you started in the first category to the last day you were in the last category.

Example: You were in category 1 for the period 1 August to 30 September and category 2 from 15 September to 1 November. The number of days from 1 August to 1 November is 93 days. You would show 93 days at V item **M1**.

Step 2

If you have completed V and you are in exemption category 6 *print* the letter **C** in the **CLAIM TYPE** box at the right of V item **M1**. Otherwise leave the box blank.

Step 3

If you did not have any dependent children or students during 2000–01, *go to* step 4. Otherwise, *write* the number of your dependent children and students during 2000–01 at Y item **M1**.

Step 4

If you had a spouse at any time during 2000–01 you must complete **Spouse details—married or de facto** on pages 6–7 of your tax return. You must also complete **Your spouse's name** on page 1 of your tax return.

Step 5
If the number of days you wrote at V is 365, you will not have to pay any Medicare levy. You have finished this question. *Go to* question **M2**.

If you were in exemption category 3, 4, 5 or 6, you have finished this question. *Go to* question **M2**.

If the number of days you wrote at V is less than 365, and you were in exemption category 1 or 2, you may qualify for a half levy exemption. *Read on*.

PART D—Half levy exemption for all or part of 2000–01

You will qualify for a half exemption from the Medicare levy for a period in 2000–01 if you were in exemption category 1 or 2 on page 92 and you satisfied any of the following conditions during the whole of that period:

- You did not have a spouse but you had one or more dependants who were not in one of the exemption categories.
- You had a spouse—with or without dependent children for that period—who was not in an exemption category and who did not have to pay the Medicare levy because of the low income earner threshold.
- Your spouse was in exemption category 1 or 2 on page 92 and you had a child who was a dependant of both you and your spouse and the child was not in an exemption category. In this case, either you or your spouse can claim a full levy exemption at part C and the other can claim a half levy exemption at part D by completing a **Family agreement**.

If you do not meet one of these conditions, *go to* question **M2**.

To get a half levy exemption for a period:

Step 1
Write the total number of days that you and your dependants met the required conditions, at W item **M1** on your tax return.

If you were in both exemption categories and the time you were in one exemption category overlaps with the time you were in the other exemption category, only add up the number of days from the day you started in the first category to the last day you were in the second category.

Example: You were in category 1 for the period 1 August to 30 September and category 2 from 15 September to 1 November. The number of days from 1 August to 1 November is 93 days. You would show 93 days at W item **M1**.

Step 2
If you did NOT have any dependent children or students during 2000–01, *go to* step 3. Otherwise, *write* the number of your dependent children and students during 2000–01 at Y item **M1**.

Step 3
If you had a spouse at any time during 2000–01, you must complete **Spouse details—married or de facto** on pages 6–7 of your tax return. You must also complete **Your spouse's name** on page 1 of your tax return.

Step 4
If you had a child who was a dependant of both you and your spouse and you are claiming a half levy exemption under part D, both you and your spouse will need to complete a **Family agreement** declaring that you will pay the half levy for your joint dependants. You will need to keep this with your tax records for 5 years from 31 October or, if you lodge your tax return later, for 5 years from the date you lodge your tax return.

Family agreement

We	Your name	
	Your spouse's name	

hereby agree that the half Medicare levy payable in respect of our dependant or dependants for 2000–01 will be paid by

Name of person claiming half exemption	
Spouse's signature	/ /
Your signature	/ /

We will work out your exemption based on the information on your tax return. If you wish to calculate the exemption yourself, see pages 112–14. Otherwise, *go to* question **M2**.

Question M2

THIS QUESTION IS COMPULSORY FOR ALL TAXPAYERS

MEDICARE LEVY SURCHARGE

For the whole of 2000–01 did you and all of your dependants (including your spouse)—if you had any—have private patient hospital cover?

The definition of private patient hospital cover is given below.

NO ☐ Print **X** in the **NO** box to the right of E item **M2** on your tax return. Read below.

YES ☐ Print **X** in the **YES** box to the right of E item **M2** on your tax return. Make sure you have completed **Private health insurance policy details**—see page 89 in *TaxPack 2001* for assistance. Go to **ADJUSTMENTS contents** on page 99.

For the whole of 2000–01 were you:

- **a single person—without a dependent child or children—and your taxable income for Medicare levy surcharge purposes was $50 000 or less OR**
- **a member of a family—which may consist of a couple (married or de facto) with or without a dependent child or children; or a sole parent with a dependent child or children—and the combined taxable income for Medicare levy surcharge purposes of you and your spouse (if you had one) was $100 000 or less (plus $1500 for each dependent child after the first, if you have children)?**

Note

Taxable income for Medicare levy surcharge purposes is explained on page 96.

NO ☐ You may have to pay the surcharge. Print **X** in the relevant **NO** box at item **M2** on your tax return. Read below.

YES ☐ You do not have to pay the surcharge for any of the 365 days during the year. Print **X** in the relevant **YES** box at item **M2** on your tax return. Go to **Completing this question** on page 98.

YOU NEED TO KNOW

Individuals and families on higher incomes who do not have private patient hospital cover pay a Medicare levy surcharge (MLS) based on an extra 1 per cent of their taxable income for any period during 2000–01 that they did not have this cover.

MLS is in addition to the 1.5 per cent Medicare levy.

For MLS purposes you will need to understand the following terms:

private patient hospital cover—generally is cover provided by an insurance policy issued by a registered fund for some or all hospital treatment provided in an Australian hospital or day hospital facility. However, if you take out an insurance policy for hospital cover after 24 May 2000 that contains an annual front-end deductible or excess of $501 or more in the case of a single contributor and $1001 or more for all other contributors, you will not be considered to have private patient hospital cover. The same applies to insurance policies for hospital cover with those high front-end deductibles or excess taken out before 24 May 2000 that cease to provide continuous cover after that date. A copayment, which is an out-of-pocket expense dependent on the cost of hospital treatment, is not a front-end deductible or excess. Your health fund should include details of the level of front-end deductible or excess that applies to your policy in the private health insurance statement that it sends you.

Travel insurance is not private patient hospital cover for Medicare levy surcharge (MLS) purposes. Private patient hospital cover does not include cover provided by an overseas or unregistered fund.

ancillary cover—is commonly known as 'Extras'. Ancillary cover is NOT private patient hospital cover. It covers items such as optical, dental, physiotherapy or chiropractic treatment.

spouse—married or de facto. If your spouse died during the year and you did not have another spouse before the end of the year, you are considered to have had a spouse until the end of 2000–01 and you retain the benefit of the family surcharge threshold. If you are living separately and apart from your spouse you are treated as not being married.

dependants—a dependant is an Australian resident, being:
- your spouse—even if they worked during 2000–01
- any of your children who were under 16 years of age
- any of your children aged 16 years and over but under 25 years of age who were full-time students.

For MLS purposes you need to have contributed to your dependant's maintenance. See **What is maintaining a dependant?** on page 66.

family—you are considered to be a member of a family during any period of 2000–01 that you contributed to the maintenance of a dependant. A family includes a sole parent who contributed to the maintenance of a dependent child or children.

taxable income for MLS purposes—is the total of:
- your taxable income AND
- your total reportable fringe benefits amounts at **W** item **9** on your tax return AND
- the net amount on which family trust distribution tax has been paid (see question **A3** page 103).

If you have any exempt foreign employment income and a taxable income of $1 or more, you need to complete this question as if the exempt income was added to your taxable income.

Taxable income for MLS purposes does not include any post-June 1983 elements of an eligible termination payment where the maximum tax rate is zero. If you are unsure of the tax rate, you can ring the superannuation helpline on **13 1020** for assistance.

The taxable income of your spouse for MLS purposes is the total of:
- your spouse's taxable income AND
- your spouse's total reportable fringe benefits amounts AND
- any share in the net income of a trust estate to which your spouse is presently entitled and on which the trustee of the trust is assessed under section 98 of the *Income Tax Assessment Act 1936*—and which has not been included in your spouse's taxable income AND
- the net amount on which family trust distribution tax has been paid which your spouse would have had to show as assessable income if that tax had not been paid.

Will you have to pay the surcharge?

You will have to pay the surcharge for any period that you or any of your dependants did NOT have private patient hospital cover during 2000–01 AND you were:
- a single person with a taxable income for MLS purposes greater than $50 000 or
- a member of a family—including a sole parent—and the combined taxable income for MLS purposes of you and your spouse (if you had one) was above the relevant family surcharge threshold shown in the table below.

Family surcharge threshold

Number of dependent children	*Surcharge income threshold*
0–1	$100 000
2	$101 500
3	$103 000
4	$104 500
More than 4 dependent children	$104 500 plus $1500 for each additional child

Note If your spouse died during the year and you did not have another spouse before the end of the year, you are considered to have had a spouse until the end of the year and you retain the benefit of the family surcharge threshold.

If the combined taxable income for MLS purposes of you and your spouse was above the family surcharge threshold but your own taxable income was below $13 808 you are not liable for the surcharge. However, your spouse may still be liable.

It is possible that both the single and family surcharge thresholds applied to you at different periods during 2000–01.

If only one of the surcharge thresholds—single or family—applied to you for the whole of 2000–01 and
- your taxable income or combined taxable income for MLS purposes did not exceed the relevant threshold—you are not liable for the surcharge, for any of the 365 days during the year. *Go to* **Completing this question** on page 98.

- your taxable income or combined taxable income for Medicare levy surcharge (MLS) purposes exceeded the relevant threshold and you were not in one of the exemption categories on page 92 or you did not have private patient hospital cover during 2000–01—you will have to pay the surcharge for the whole of 2000–01. *Go to* **Completing this question** on page 98. Otherwise, *read on*.

Which income threshold do you use if, during the year, you had a new spouse or separated from your spouse, or you became or ceased to be a sole parent?
To work out if you are liable for MLS for any period during 2000–01 that you were single—that is, you had no spouse and no dependent child or children—apply the single surcharge threshold of $50 000 to your own taxable income for MLS purposes.

To work out if you are liable for MLS for any period during 2000–01 that you had a spouse or a dependent child or children, apply the family surcharge threshold of $100 000 plus $1500 for each dependent child after the first, to your own taxable income for MLS purposes. Example 2 may help you.

What if you are exempt from the Medicare levy?
Only read this section if you were exempt or partially exempt from the Medicare levy at any time during 2000–01—for example, you were a Defence Force member. For more information on the exemption categories for the Medicare levy, read page 92 in *TaxPack 2001*.

If you were in an exemption category for the whole of 2000–01 and you did not have any dependants; or if you had dependants and they also were all in an exemption category and/or they all had private patient hospital cover for the whole of 2000–01, you do not have to pay the surcharge for the full year—365 days. *Go to* **Completing this question** on page 98.

If the taxable income for MLS purposes of you and your spouse—if you had one—was above the relevant surcharge threshold, you are liable for the surcharge for any period during 2000–01 that:
- you were not in an exemption category and did not have private patient hospital cover or
- one or more of your dependants were not in an exemption category and did not have private patient hospital cover.

What if you had private patient hospital cover for only part of the year?
Only read this section if you had private patient hospital cover for part of the year.

If you and your dependants—if any—were not in a Medicare levy exemption category at any time during 2000–01 and your taxable income or combined taxable income for MLS purposes was above the relevant threshold, you are liable for the surcharge for the number of days you or any of your dependants did not have private patient hospital cover during 2000–01. *Go to* **Completing this question** on page 98.

Example 1—Part-year private patient hospital cover

Graeme is not married and in 2000–01 had a taxable income for MLS purposes of $59 000. He was not in a Medicare levy exemption category at any time during the year.

Graeme took out private patient hospital cover on 15 December 2000.

Because Graeme's taxable income was above the single surcharge threshold of $50 000 and he did not have private patient hospital cover for the full year he will have to pay MLS for the part of the year that he did not have private patient hospital cover.

Graeme will NOT have to pay the surcharge for the number of days he had private patient hospital cover—15 December 2000 to 30 June 2001—198 days.

Graeme will write the number of days in 2000–01 that he is NOT liable for the surcharge—198—at **A** item **M2** on his tax return and complete **Private health insurance policy details**.

Example 2—Spouse for part-year

Beth separated from George on 12 October 2000 and stayed single. Neither Beth nor George had any dependent children. Beth and George were dependants of each other for MLS purposes only for the period they were together. For 2000–01, George's taxable income for MLS purposes was $45 000 and Beth's taxable income for MLS purposes was $60 000. Beth and George did not have private patient hospital cover at any time during 2000–01.

As they are considered to be a family for the period 1 July 2000 to 12 October 2000, they are each entitled to the family surcharge threshold of $100 000 for this period. For the period 1 July 2000 to 12 October 2000, Beth is not liable for the surcharge as her taxable income for MLS purposes of $60 000 was under the family surcharge threshold. George is also not liable for the surcharge for this period as his taxable income for MLS purposes of $45 000 was also under the family surcharge threshold.

For the period 13 October 2000 to 30 June 2001—261 days—the single person surcharge threshold of $50 000 applies to both of them. For this period, George is not liable for the surcharge because he had a taxable income for MLS purposes of $45 000.

George will write 365 at **A** item **M2** on his tax return.

Beth is liable to pay the surcharge for the period 13 October 2000 to 30 June 2001—261 days—because her taxable income for MLS purposes was $60 000.

Beth will write the number of days in 2000–01 that she is NOT liable for the surcharge—104—at **A** item **M2** on her tax return.

Example 3—Part-year liability

Sue and Kevin are married. They have 3 dependent children. Sue, Kevin and their children were not in a Medicare levy exemption category at any time during the year. Sue and the children were covered by private patient hospital cover for the full income year. Kevin had his name added to the policy on 10 December 2000.

Sue and Kevin had a combined taxable income for MLS purposes of $115 000. Because not everyone was covered for the full period 1 July 2000 to 9 December 2000, Sue and Kevin are both liable for the surcharge for this period—162 days. Sue and Kevin would both write the number of days in 2000–01 that they were NOT liable for the surcharge—203—at A item **M2** on their tax returns and complete **Private health insurance policy details**.

Completing this question

WHAT YOU MAY NEED

- your taxable income for Medicare levy surcharge (MLS) purposes
- your spouse's taxable income for MLS purposes, if you had a spouse for the whole of 2000–01*
- the number of your dependent children during 2000–01
- the number of days you and all your dependants had private patient hospital cover during 2000–01
- your private health insurance policy details
- the number of days you do NOT have to pay the surcharge.

Step 1

Write the number of days during 2000–01 that you do NOT have to pay the surcharge at A item **M2** on your tax return:

- If you have to pay the surcharge for the whole period 1 July 2000 to 30 June 2001 *write* '**0**' at A.
- If you do NOT have to pay the surcharge for the whole period 1 July 2000 to 30 June 2001 *write* 365 at A.
- If you have to pay the surcharge for part of the period 1 July 2000 to 30 June 2001 *write* the number of days you do NOT have to pay the surcharge at A.

If you had a dependent child during 2000–01 *go to* step 2. Otherwise, *go to* step 3.

Step 2

Write the number of your dependent children during 2000–01 at D item **M2** on your tax return.

Step 3

If you had a spouse during 2000–01 and you and all of your dependants were not covered by private patient hospital cover for the full year, complete **Spouse details—married or de facto** on pages 6–7 of your tax return. If you had a spouse for all of 2000–01 include:

- your spouse's taxable income, at O *
- your spouse's share of trust income on which the trustee is assessed under section 98 of the *Income Tax Assessment Act 1936* and which has not been included in your spouse's taxable income, at T *
- the net amount of any distributions to your spouse on which family trust distribution tax has been paid which your spouse would have had to show as assessable income if that tax had not been paid, at U *
- your spouse's total reportable fringe benefits amounts, at S .*

You must also complete **Your spouse's name** on page 1 of your tax return.

Step 4

If you had private patient hospital cover during the year you must complete **Private health insurance policy details**—see page 89 in *TaxPack 2001* for assistance.

You have now completed this question. *Go to* **Adjustments** contents.

DO YOU WANT TO WORK OUT YOUR SURCHARGE?

You do not have to work out your MLS. We will work it out based on the information you provide. If you would like to work it out for your records, see page 114.

Note If you received any exempt foreign employment income a special formula is used to work out the amount of tax—including MLS— you have to pay on your taxable income. You will not be able to calculate your MLS. We will do this calculation for you.

* If you cannot find out your spouse's exact taxable income for MLS purposes, you may make a reasonable estimate. *Print* SCHEDULE OF ADDITIONAL INFORMATION—QUESTION M2 on a separate piece of paper and write your estimate of your spouse's taxable income for MLS purposes. Include your name, address and tax file number. *Print* **X** in the **YES** box at *Taxpayer's declaration* question 2a on page 8 of your tax return. *Sign* and *attach* your schedule to page 3 of your tax return.

ADJUSTMENTS

Question A1

UNDER 18 EXCEPTED NET INCOME

STOP

If you were under 18 years of age at 30 June 2001 you must complete this question.

Were you under 18 years of age at 30 June 2001?

NO ☐ ▶ Go to question **A2**. **YES** ☐ ▼ Read below.

Certain types of income earned by individuals under 18 years of age may be taxed at higher rates. To ensure that you pay the correct amount of tax, read the following.

Did any of the following apply to you at 30 June 2001?

- You were working full time and do not intend to study full time before 1 July 2002.
- You were not working full time but you have worked full time for more than 3 months between 1 July 2000 and 30 June 2001 and you do not intend to study full time before 1 July 2002. Ignore any full-time work that was followed by full-time study.
- You were entitled to a disability support pension or a rehabilitation allowance, or someone received a carer allowance to care for you.
- You were permanently blind.
- You were disabled and were likely to suffer from that disability permanently or for an extended period.
- You were entitled to a double orphan pension and you received little or no financial support from your relatives.
- You were unable to work full time because of permanent mental or physical disability and you received little or no financial support from your relatives.

NO ☐ ▼ Go to step 1 below. **YES** ☐ ▼ Read below.

If you were in any of the above categories on 30 June 2001, all of your income will be taxed at ordinary rates.

Write **'0'** at **J** item **A1** on your tax return. Then *print* the code letter **A** in the **TYPE** box ☐ at the right of **J**. You have now completed this question. *Go to* question **A2**.

Step 1 *Add up* the following excepted income that you have shown on your tax return. Although you will be showing this income twice, you will not be taxed twice.

- employment income
- taxable pensions or payments from Centrelink or the Department of Veterans' Affairs
- a compensation, superannuation or pension fund benefit
- income from a deceased person's estate
- income from property transferred to you under a will or intestacy, or because of family breakdown
- income from your own business
- income from a partnership, in which you were an active partner
- net capital gains from the disposal of any of the property or investments above
- income from investment of any of the amounts listed above.

Note

If you received a distribution from a trust, read question **12 Partnerships and trusts** in *TaxPack 2001 supplement*, on pages s4–7.

Step 2 *Add up* all your deductions that relate to the income from step 1. (See the Deductions section that starts on page 35.) *Take away* the total of those deductions from the total income from step 1.

Step 3 *Write* the amount from step 2 at **J** item **A1** on your tax return. Do not show cents. This is your excepted net income. If you do not have any of the income listed in step 1 or the amount from step 2 is zero, *write* **'0'** at **J** item **A1** on your tax return.

Step 4 If you are turning 18 years of age between 1 July 2001 and 30 June 2002, *print* **N** in the **TYPE** box ☐ at the right of **J** item **A1**. If not, *print* **M** in the **TYPE** box ☐ at the right of **J** item **A1**.

The amount you have shown at **J** item **A1** will be taxed at ordinary rates. All your other income will be taxed at higher rates. For more information ring the Personal Tax Infoline on the inside back cover of *TaxPack*.

Question A2 PART-YEAR TAX-FREE THRESHOLD

In 2000–01 did you:
- **stop full-time education for the first time**
- **become an Australian resident**
- **stop being an Australian resident?**

See page 7 in *TaxPack* for information on residency for tax purposes.

NO ☐ ▶ Go to question **A3**. **YES** ☐ ▼ Read below.

The Australian Taxation Office uses the following information to work out your tax-free threshold. If more than one part applies to you, ring the Personal Tax Infoline on the inside back cover of *TaxPack*.

PART A—Did you first stop full-time education in 2000–01?

NO ☐ ▶ Go to part B. **YES** ☐ ▼ Read below.

YOU NEED TO KNOW

You stopped full-time education if:
- at any time during 2000–01 you were in a course of full-time education at a school, college, university or similar institution and
- you were not in a course of full-time education on 30 June 2001 and
- in the case where you stopped full-time education between 1 March 2001 and 30 June 2001, you did not begin another course of full-time education within 4 months of stopping the earlier one.

Your income is separated into these categories:
- salary or wages—which includes amounts you have shown at item **5**
- non-salary and wage income—for example, dividends, interest and rent
- earnings from your own business, as a partner in a partnership or as a beneficiary of a trust.

Note

If you had income from a business that you carried on alone, a partnership or a trust, ring the Personal Tax Infoline on the inside back cover of *TaxPack*.

Step 1 *Write* the **number of months** from when you stopped full-time education to 30 June 2001—counting the month you stopped—at **N** item **A2** on your tax return. For example, if you stopped full-time education on 19 November 2000, the number of months you would show on your tax return would be 8 (November 2000 to June 2001).

Step 2 *Work out* your net income earned while you were a full-time student. The example on the next page shows you how to work out this amount. The amount is made up of:
- your net salary and wage income earned while you were a full-time student AND
- the proportion of your net non-salary and wage income for the year earned while you were a full-time student.

Calculate net non-salary and wage income separately.

Step 3 *Write* all of your net income earned while you were a full-time student at **O** item **A2**. Do not show cents.

Check that you have . . .

For part A
- ✓ written the number of months from when you stopped being a full-time student
- ✓ written all of your net income earned while a full-time student in 2000–01.

PART A example

1. TAXPAYER WITH SALARY AND WAGE INCOME—Nicki was a full-time student for 95 days during 2000–01. During that period she also worked part time.

Nicki's income from salary or wages during her period of full-time study	$750
Deductions relating to this salary and wage income Do not include tax taken out of salary and wage income.	$90
Nicki's net salary and wage income—assessable income less deductions	$660

2. TAXPAYER WITH NON-SALARY AND WAGE INCOME—Nicki also received non-salary and wage income from interest.

Non-salary and wage income Nicki earned during 2000–01	$120
Deductions relating to this income	$20
Nicki's net non-salary and wage income	$100
The number of days during Nicki's study period	95
Multiply Nicki's net income by the number of days above—$100 X 95.	$9500
Number of days in 2000–01	365
Divide by the number of days in 2000–01—*divide* 9500 by 365.	$26
The $26 is Nicki's net non-salary and wage income for the period of full-time study.	

CAUTION

If your residency changed during 2000–01 and you showed income at item **5** or **6** on your tax return, you may not have a part-year tax-free threshold. Ring the Personal Tax Infoline on the inside back cover of *TaxPack*.

Summary of example

AMOUNT TO BE SHOWN AT O ITEM A2

Net salary and wage income—see part 1 of example	$660
Net non-salary and wage income—see part 2 of example	$26
Amount Nicki needs to show at O item **A2** on her tax return	$686

PART B—Did you become an Australian resident in 2000–01?

If you are unsure read **Are you an Australian resident?** on page 7.

NO ☐ ▼ Go to part C. **YES** ☐ ▼ Read below.

Step 1 *Write* the date you became an Australian resident for tax purposes in the **Date** box at item **A2** on your tax return.

Step 2 *Write* the number of months that you lived in Australia in 2000–01—counting the month you started to live here—at N item **A2** on your tax return.

PART C—Did you stop being an Australian resident in 2000–01?

If you are unsure read **Are you an Australian resident?** on page 7.

NO ☐ ▼ Go to **Check that you have**. **YES** ☐ ▼ Read below.

Step 1 *Write* the date you stopped being an Australian resident for tax purposes in the **Date** box at item **A2** on your tax return.

Step 2 *Write* the number of months from 1 July 2000 to when you left Australia—counting the month you left Australia—at N item **A2** on your tax return.

Check that you have . . .

For part B
- ✓ written in the **Date** box the date you became an Australian resident
- ✓ written the number of months that you lived in Australia in 2000–01.

For part C
- ✓ written in the **Date** box the date you left Australia
- ✓ written the number of months from 1 July 2000 to when you left Australia.

Question A3 AMOUNT ON WHICH FAMILY TRUST DISTRIBUTION TAX HAS BEEN PAID

Did a trust, company or partnership distribute anything to you for 2000–01 on which family trust distribution tax has been paid?

Distributions on which family trust distribution tax is payable may include:

- income or property from a trust or partnership
- dividends or property from a company
- the use of property owned by the trust, partnership or company for which you have not paid full value, such as the free use of a holiday house.

The trust, partnership or company should be able to tell you if family trust distribution tax has been paid on a distribution to you.

NO ☐ ▶ Go to question **A4**. **YES** ☐ ▼ Read below.

YOU NEED TO KNOW

Family trust distribution tax is payable on any distribution made to a person outside a 'family group' by a trust which has elected to be a family trust or by a trust, partnership or company which has elected to be included in the family group of a family trust.

To the extent that family trust distribution tax has been paid on a distribution to you, the part of that distribution that is included in your assessable income is reduced proportionately. However, any part of the distribution that would have been included in your assessable income if family trust distribution tax had not been paid—reduced by any expenses that would have been deductible against it—is taken into account in determining your liability for the Medicare levy surcharge and the superannuation contributions surcharge. This is the amount that should be shown at this question.

Example

During 2000–01 the Jones family trust distributed $1000 to Sharon. The Jones family trust had elected to be a family trust from before the time the distribution was made but, because Sharon is not a member of the family group of the Jones family trust, family trust distribution tax is payable on the $1000 distribution. This was paid in full by the trustee of the Jones family trust.

As a result, Sharon does not include in her assessable income any part of the $1000 distribution. Instead Sharon shows at this question the $1000 distribution from the Jones family trust less any expenses that would have been deductible against it.

However, had family trust distribution tax **not** been paid, Sharon would have had to include in her assessable income any part of the distribution that was assessable.

Completing this question

Step 1 *Add up* the amounts or value of all distributions to you by a trust, partnership or company during 2000–01 which would have been assessable income if family trust distribution tax had not been paid.

Step 2 *Add up* any expenses which you would have been able to claim as a deduction if the distributions had been included in your assessable income.

Step 3 *Take away* your step 2 amount, if any, from your step 1 amount.

Step 4 *Write* the amount from step 3 at **X** item **A3** on your tax return. Do not show cents.

If the amount from step 3 is zero or less than zero do not write anything on your tax return. You have finished this question.

Question A4

AMOUNT ON WHICH ULTIMATE BENEFICIARY NON-DISCLOSURE TAX WAS PAYABLE

Did you receive a distribution of income from a trust on which the trustee was liable for ultimate beneficiary non-disclosure tax?

The trustee should be able to tell you if ultimate beneficiary non-disclosure tax was payable on a distribution made to you.

NO ☐ ▶ Go to **Checklist—tax return pages 1–8** on page 105. **YES** ☐ ▼ Read below.

YOU NEED TO KNOW

Ultimate beneficiary non-disclosure tax is payable by the trustee of a closely held trust where net income of the trust is distributed to another trust and the trustee does not or cannot disclose to the Australian Taxation Office (ATO) the name and certain other details about the person or persons who are ultimately entitled to that income.

Any trust distribution you receive that has had ultimate beneficiary non-disclosure tax paid on it is not included in your assessable income and you do not pay income tax, Medicare levy or Medicare levy surcharge on it. However the distribution is taken into account in determining your liability for superannuation contributions surcharge. You must show the amount of this distribution on your tax return.

Any distribution that you show at this item on your tax return can be reduced by expenses you would have been able to claim as a deduction if the distribution had been included in your assessable income.

Example

During 2000–01, the Jones trust distributed $1000 to the Smith trust. The Smith trust distributed the $1000 to Sharon. The trustee of the Jones trust did not disclose to the ATO the name and tax file number of the person ultimately entitled to that distribution and therefore an ultimate beneficiary non-disclosure tax liability arose on the $1000. The liability was paid in full by the trustee of the Jones trust. As a result Sharon does not include in her assessable income any part of the $1000 distribution but she does show the $1000 distribution—less any expenses that would have been deductible against it—at this question.

WHAT YOU NEED

- a statement or advice from the trustee showing any distribution on which the trustee was liable for ultimate beneficiary non-disclosure tax
- details of any deductions you could have claimed against that distribution.

Completing this question

Step 1 *Add up* all the trust distributions you received during 2000–01 on which the trustee paid ultimate beneficiary non-disclosure tax.

Step 2 *Add up* any expenses which you would have been able to claim as a deduction for 2000–01 if the trust distributions had been included in your assessable income.

Step 3 *Take away* your step 2 amount, if any, from your step 1 amount.

Step 4 *Write* the amount from step 3 at **Z** item **A4** on your tax return. Do not show cents.

If the amount from step 3 is zero or less than zero, do not write anything on your tax return. You have completed this question.

Checklist—tax return pages 1–8

Use this checklist to make sure your tax return is complete before you lodge it with the Australian Taxation Office (ATO). To avoid any delay in processing please use the pre-addressed envelope provided with your *TaxPack*. If you don't have a pre-addressed envelope see page 117 for where to lodge your tax return.

Check that you have . . .

- written your tax file number
- filled in all your personal details—including your spouse's name (if you had a spouse)
- filled in the appropriate details for electronic funds transfer if you want to have your refund paid directly into a financial institution account
- filled in the small boxes—if you were asked to do so—at items **6**, **I**, **TOTAL INCOME OR LOSS**, **D1**, **D3**, **D4**, **SUBTOTAL**, **TAXABLE INCOME OR LOSS**, **T1**, **T2**, **T3**, **M1** and **A1**
- completed item **M2**—this is compulsory for all taxpayers
- if required, completed pages 9–12 of the tax return and worked through the checklist on page s66 in *TaxPack 2001 supplement*
- written totals at:
  TOTAL TAX WITHHELD
  TOTAL INCOME OR LOSS
  TOTAL DEDUCTIONS
  SUBTOTAL
  TAXABLE INCOME OR LOSS
  TOTAL TAX OFFSETS
- attached to page 3 of your tax return copies of:
  - all payment summaries, including any ETP payment summaries
  - all statements or letters from your payers that detail income and tax withheld
  - any statutory declarations required
  - all statements or letters of pensions, allowances or payments
  - all letters, statements or RBL determinations relating to eligible termination payments
  - other attachments as instructed by any section or question in *TaxPack 2001*
- completed **Spouse details—married or de facto** if you were required to
- if you have consented to offset part or all of your spouse's family tax benefit (FTB) overpayment against your tax refund, completed your spouse's details and provided your signature on page 8 of your tax return
- read, completed, signed and dated the *Taxpayer's declaration*
- if required, attached pages 9–12 (supplementary section) of your tax return to page 8
- if you are claiming FTB at the same time you lodge your tax return, attached your 2001 FTB tax claim to page 8 of your tax return
- kept copies of your tax return, all attachments and relevant papers for your own records.

When can you expect your notice of assessment?

Our current standard for processing tax returns posted to the ATO is 6 weeks. If you lodged an *e-tax* tax return over the Internet or if you lodged your tax return through the ***TAX****PACK****EXPRESS*** service, our standard processing time is 2 weeks.

However, if you receive a family tax benefit payment from the Family Assistance Office, or claim it from the ATO, your *e-tax* or ***TAX****PACK****EXPRESS*** tax return may take longer than normal to process. This is necessary to make sure that family tax benefits are paid correctly.

If you sent your tax return by ordinary post please wait 7 weeks before ringing to check on our progress with your tax return. If you lodged over the Internet or used the ***TAX****PACK****EXPRESS*** service, please wait 3 weeks.

After that time you can ring **13 2863** between 8 a.m. and 6 p.m. When you ring we will ask you to provide your tax file number and other information to confirm your identity—for example, details from a recent notice of assessment.

Write the date you lodged your tax return here: /   /

Add the appropriate time (7 weeks or 3 weeks) to work out when to expect your notice of assessment: /   /

How your tax is worked out

Income

TaxPack questions **1** to **11** and *TaxPack supplement* questions **12** to **22** help you to work out what income you need to declare for tax purposes. You show your total income at **TOTAL INCOME OR LOSS** on your tax return.

MINUS

Allowable deductions

TaxPack questions **D1** to **D9** and *TaxPack supplement* questions **D10** to **D13** help you to claim your deductions. You show the total at **TOTAL DEDUCTIONS** and any tax losses of earlier income years at **L1** on your tax return.

EQUALS

Taxable income

You show your taxable income at **TAXABLE INCOME OR LOSS** on your tax return.

Tax on taxable income

This amount is based on your taxable income after taking account of your tax-free threshold—explained at page 107. The information you provide in your tax return lets us work out your tax-free threshold and your tax on taxable income. Pages 107–116 show you how to work these out, if you want to.

MINUS

Tax offsets

TaxPack questions **T1** to **T4** and *TaxPack supplement* questions **T5** to **T10** help you to work out your tax offsets. You show your tax offsets at **TOTAL TAX OFFSETS** on your tax return.

Generally tax offsets can only reduce the amount of tax you pay to zero. The 30% private health insurance tax offset (question **T4**), the landcare and water facility tax offset (question **T9**) and the franking tax offset (your imputation credit from items **11** or **12**) are exceptions. Any amount shown at item **T4** and your imputation credit from items **11** or **12** should be included in the amount for tax credits and refundable tax offsets below. If you are entitled to a low income, low income aged person, beneficiary or pensioner tax offset, we work it out for you.

EQUALS

Net tax payable

PLUS

Any HECS and SFSS liability

If you have a Higher Education Contribution Scheme (HECS) debt or Student Financial Supplement Scheme (SFSS) debt, we work out your repayment. Page 115 shows you how to work these out, if you want to.

PLUS

Medicare levy and surcharge

TaxPack question **M1** tells you if you are exempt from some or all of the Medicare levy. If you are not exempt, pages 112–14 show you how to work out your Medicare levy, if you want to.

TaxPack question **M2** tells you if you are liable for a Medicare levy surcharge. Page 114 shows you how to work out your Medicare levy surcharge, if you want to.

MINUS

Tax credits and refundable tax offsets

This is all credits and refundable tax offsets available to you—including the 30% private health insurance tax offset from item **T4**, the franking tax offset (your imputation credit from items **11** or **12**) and any amounts of tax you paid during the year—including any amounts withheld by your payer for HECS or the Medicare levy.

EQUALS

Refund or amount owing

This will be shown on your notice of assessment. Your entitlement to a refund may be affected by any outstanding liabilities to the Australian Taxation Office or Child Support Agency. These amounts will appear on your notice of assessment as 'Other amounts payable'. An entitlement, top-up or overpayment relating to family tax benefit may also affect your refund or amount owing.

Working out your tax refund or tax debt

You do not have to work out your tax refund or tax debt. We will work it out from the information you provide in your tax return and advise you of the result in your notice of assessment.

If you do want to work out your tax refund or tax debt for your own purposes, we show you how on the following pages.

There are some situations where we cannot show you how to work out your tax refund or tax debt because the nature of the calculation is too complex to explain in *TaxPack*.

These situations include where you:
- had income subject to capital gains tax
- had an eligible termination payment
- are entitled to use your spouse's unused pensioner or low income aged person tax offset
- had a lump sum payment in arrears
- had a lump sum payment because you retired or finished working in a job
- were under 18 years and earned more than $643 in interest, dividends or other investment income
- received credit for any tax paid by a trustee
- had exempt foreign employment income
- had income that was subject to averaging
- had film industry investment deductions.

Working out your tax refund or tax debt

To do this you need to work out:
- your tax-free threshold
- the tax on your taxable income
- your beneficiary tax offset, if any
- your pensioner or low income aged tax offset, if any
- your low income tax offset, if any
- your Medicare levy, if any
- your Medicare levy surcharge, if any
- your Higher Education Contribution Scheme repayment amount, if any
- your Student Financial Supplement Scheme repayment amount, if any

When you have worked out all these components the FINAL WORKSHEET on page 116 shows you how to calculate your tax refund or tax debt.

TAX-FREE THRESHOLD

To work out the tax on your taxable income you need to know your tax-free threshold. This is the amount of income you can earn before tax must be paid.

For most people the tax-free threshold is $6000.

A lower amount—part-year tax-free threshold—may apply if you answered YES to question **A2**. Question **A2** applies if you:

(i) stopped full-time education for the first time in 2000–01

(ii) became an Australian resident during 2000–01

(iii) stopped being an Australian resident during 2000–01.

If category (ii) or (iii) applies to you and you showed income at item **5** or **6** on your tax return, you may not have a part-year tax-free threshold—ring the Personal Tax Infoline on the inside back cover of *TaxPack* for help.

If more than one category applies to you, ring the Personal Tax Infoline on the inside back cover of *TaxPack* for help.

Otherwise, work out if you have a part-year tax-free threshold. The following steps will help you to do this.

(i)—You stopped full-time education for the first time in 2000–01

Step 1

Work out the number of months in 2000–01 that you were not in full-time education. Include the month that you stopped full-time education.

Step 2

Multiply the number of months by $500.

Step 3

Add the amount you wrote at **O** item **A2** on your tax return to your step 2 amount.

Step 4

If the amount you worked out at step 3 is less than $6000, the amount you worked out is your part-year tax-free threshold. If the total is $6000 or more, then a part-year tax-free threshold does not apply and your tax-free threshold is $6000.

(ii) and (iii)—You became or stopped being an Australian resident during 2000–01

Step 1

Work out the number of months in 2000–01 that you lived in Australia. Include the month that you started to live here or stopped living here.

Step 2

Multiply the number of months by $500. The result is your part-year tax-free threshold.

If you were a non-resident for the full year you are not entitled to a tax-free threshold.

TAX ON TAXABLE INCOME

To work out the tax on your taxable income follow the table that applies to you.

If you were a resident for the full year you are entitled to a $6000 tax-free threshold; use **TABLE 1**.

If you were a non-resident for the full year you are not entitled to a tax-free threshold; use **TABLE 2**.

Otherwise, *go to* **Where tax-free threshold is adjusted** on the next page.

TABLE 1—Resident for full year

Taxable income	*Tax on this income*
$1–$6000	Nil
$6001–$20 000	17 cents for each $1 over $6000
$20 001–$50 000	$2380 + 30 cents for each $1 over $20 000
$50 001–$60 000	$11 380 + 42 cents for each $1 over $50 000
$60 001 and over	$15 580 + 47 cents for each $1 over $60 000

Note: To work out your tax, identify the income amount less than but nearest your taxable income and the tax on that income, and use at (b) and (c).

Tax on: $6000 is nil
$20 000 is $2380
$50 000 is $11 380
$60 000 is $15 580

Example

Copy taxable income from **TAXABLE INCOME OR LOSS** on your tax return.	$ 25 682	(a)
Amount in *Taxable income* column less than but nearest your taxable income	$ 20 000	(b)
Tax on (b).	$ 2 380.00	(c)
Tax on remaining income — *Take* (b) away from (a).	$ 5 682	(d)
Tax on remaining income — Tax rate applied to (d).	$ 0.30	(e)
Multiply (d) by (e).	$ 1 704.60	(f)
Tax on your taxable income *Add* (c) and (f).	$ 4 084.60	

Go to **Working out your tax—TABLE 1 or 2.**

TABLE 2—Non-resident for full year

Taxable income	*Tax on this income*
$1–$20 000	29 cents for each $1
$20 001–$50 000	$5800 + 30 cents for each $1 over $20 000
$50 001–$60 000	$14 800 + 42 cents for each $1 over $50 000
$60 001 and over	$19 000 + 47 cents for each $1 over $60 000

Note: To work out your tax, identify the income amount less than but nearest your taxable income and the tax on that income, and use at (b) and (c).

Tax on: $20 000 is $5800
$50 000 is $14 800
$60 000 is $19 000

Example

Copy taxable income from **TAXABLE INCOME OR LOSS** on your tax return.	$ 25 682	(a)
Amount in *Taxable income* column less than but nearest your taxable income	$ 20 000	(b)
Tax on (b).	$ 5 800.00	(c)
Tax on remaining income — *Take* (b) away from (a).	$ 5 682	(d)
Tax on remaining income — Tax rate applied to (d).	$ 0.30	(e)
Multiply (d) by (e).	$ 1 704.60	(f)
Tax on your taxable income *Add* (c) and (f).	$ 7 504.60	

Read on to work out your tax.

Working out your tax—TABLE 1 or 2

Calculate your tax here.

Copy taxable income from **TAXABLE INCOME OR LOSS** on your tax return.	$	(a)
Amount in *Taxable income* column less than but nearest your taxable income	$	(b)
Tax on (b).	$	(c)
Tax on remaining income: *Take* (b) away from (a).	$	(d)
Tax on remaining income: Tax rate applied to (d).	$	(e)
Multiply (d) by (e).	$	(f)
Tax on your taxable income *Add* (c) and (f).	$	

Where tax-free threshold is adjusted

Use **TABLE 3** or **TABLE 4** on the next page if you have a part-year threshold. Your tax-free threshold **(T)** is the amount you worked out on page 107.

Write your tax-free threshold here. $ = **T**

Use **TABLE 3** if your taxable income is $20 000 or less.

Use **TABLE 4** if your taxable income is over $20 000.

TABLE 3—Taxable income of $20 000 or less

Taxable income	*Tax on this income*
$1–**T**	Nil
T–$20 000	17 cents for each $1 over **T**

Working out your tax

Copy taxable income from **TAXABLE INCOME OR LOSS** on your tax return.	$	(a)
T =	$	(b)
Take (b) away from (a).	$	(c)
Tax on your taxable income *Multiply* (c) by tax rate of 17 cents (0.17).	$	

TABLE 4—Taxable income over $20 000

In this table you will first need to work out **S**.

S = ($20 000 minus **T**) × 0.17 = $ ______ Transfer the amount to **S** in **Working out your tax** below.

S is the tax you would pay on $20 000.

Taxable income	*Tax on this income*
$20 000–$50 000	**S** + 30 cents for each $1 over $20 000
$50 001–$60 000	**S** + $9000 + 42 cents for each $1 over $50 000
$60 001 and over	**S** + $13 200 + 47 cents for each $1 over $60 000

Note: To work out your tax, identify the income amount less than but nearest your taxable income and the tax on that income, and use at (b), (c) and (d).

Tax on: $20 000 is **S**
$50 000 is **S** + $9000
$60 000 is **S** + $13 200

Example

Assume **T** = $5000
S = ($20 000 − $5000) × 0.17 = $2550.00

Copy taxable income from **TAXABLE INCOME OR LOSS** on your tax return.	$ 50 544	(a)
Amount in *Taxable income* column less than but nearest your taxable income	$ 50 000	(b)
S =	$ 2 550.00	(c)
Tax on (b).	$ 9 000.00	(d)
Tax on remaining income: *Take* (b) away from (a).	$ 544	(e)
Tax on remaining income: Tax rate applied to (e).	$ 0.42	(f)
Multiply (e) by (f).	$ 228.48	(g)
Tax on your taxable income *Add* (c), (d) and (g).	$11 778.48	

Working out your tax

Copy taxable income from **TAXABLE INCOME OR LOSS** on your tax return.	$	(a)
Amount in *Taxable income* column less than but nearest your taxable income	$	(b)
S =	$	(c)
Tax on (b).	$	(d)
Tax on remaining income: *Take* (b) away from (a).	$	(e)
Tax on remaining income: Tax rate applied to (e).	$	(f)
Multiply (e) by (f).	$	(g)
Tax on your taxable income *Add* (c), (d) and (g).	$	

BENEFICIARY TAX OFFSET (FROM QUESTION 5)

How to work out your tax offset

Total amount of allowance or payment you received—from **A** item **5** on your tax return	(a)	$
Take $6000 away from (a)—or, if your tax-free threshold is lower than $6000, *take* that lower amount from (a) to work out (b).	(b)	$
Multiply (b) by 17 and *divide* by 100.	(c)	$

This is your tax offset on income up to $20 000. If the amount you have shown at (a) is more than $20 000, you are entitled to an additional 13 per cent tax offset on the excess.

Do not write your tax offset anywhere on your tax return.

PENSIONER OR LOW INCOME AGED PERSON TAX OFFSET
(FROM QUESTION 6 OR T2)

If you want to work out your tax offset, you need to know your taxable income. This is the amount you showed at **TAXABLE INCOME OR LOSS** on page 3 of your tax return.

You will not be able to work out your tax offset if:

- you used tax offset code letter **S**, **Q**, **I** or **J** and you received more than $10 258 pension income
- you used tax offset code letter **P** and you received more than $8561 pension income.

See note 2 in the **Tax offset thresholds** table below for more information.

If you have a spouse and your taxable income is more than $22 035 you may still get a tax offset because of a transfer of the unused portion of your spouse's pensioner or low income aged person tax offset.

Do not write your tax offset amount anywhere on your tax return.

Step 1

Find the tax offset code letter that applies to you in the tax offset thresholds table. This is the code letter you showed at either item **6** if you are a pensioner or item **T2** if you claimed a low income aged person tax offset.

Step 2

You may get up to the full tax offset shown in COLUMN 3 if your taxable income is equal to or less than the amount in COLUMN 1 for your tax offset code letter. If your taxable income is more than the amount in COLUMN 1 and less than the amount in COLUMN 2, use the **How to work out your tax offset** table below.

Tax offset thresholds

Your pensioner code letter	*Your low income aged person code letter*	COLUMN 1 *You may get up to the full tax offset if your taxable income is equal to or less than this amount*	COLUMN 2 *You will not get a tax offset if your taxable income is equal to or more than this amount* [1]	COLUMN 3 *Maximum tax offset* [2]
S, **Q***, **J***	**A**	$15 459	$28 323	$1608
I*	**B***, **C**	$14 653	$26 421	$1471
P*	**D***, **E**	$12 795	$22 035	$1155

1 For the code letters with an asterisk (*) you may still get a tax offset because of a transfer of the unused portion of your spouse's pensioner or low income aged person tax offset. We will work it out for you.

2 If any of the following applied to you:
- you used **S**, **Q**, **I** or **J** and your pension is more than $10 258 or
- you used **P** and your pension is more than $8561

your maximum tax offset may be higher than the amount in COLUMN 3, and you may still get a tax offset if your taxable income is more than the amount in COLUMN 2. We will work it out for you.

How to work out your tax offset

Your taxable income	(a)	$
Income amount from COLUMN 1	(b)	$
Take (b) away from (a).	(c)	$
Your maximum tax offset from COLUMN 3	(d)	$
Divide (c) by 8.	(e)	$
Take (e) from (d).		$
		This is your tax offset.

The tax offset you work out here will not include any unused portion of your spouse's pensioner or low income aged person tax offset that we may transfer to you.

LOW INCOME TAX OFFSET

If your taxable income is $24 450 or more, you are not entitled to the tax offset.

If your taxable income is $20 700 or less, you are entitled to the maximum tax offset of $150. The tax offset reduces by 4 cents for each dollar of taxable income over $20 700.

Use the worksheet to work out your tax offset if your taxable income is more than $20 700 but less than $24 450.

WORKSHEET

Maximum tax offset	(e)	$ *150*
Write your taxable income here.	(b)	$
Threshold at which tax offset reduces	(c)	$ *20 700*
Take (c) away from (b).	(d)	$
Divide (d) by 100.	(e)	$
Multiply (e) by 4.	(f)	$
Take (f) away from (a).	(g)	$

The amount at (g) is the tax offset you are entitled to. You can use the amount at (g) when you work out your tax refund or tax debt on page 116.

Do not write the amount at (g) anywhere on your tax return. We will work out your low income tax offset and make sure it reduces your tax.

MEDICARE LEVY
(FROM QUESTION M1)

If you want to work out your Medicare levy before you receive your notice of assessment, you can follow the steps below.

For the purposes of working out your Medicare levy, including any reduction or exemption, your taxable income excludes the amount of any post-June 1983 component of an eligible termination payment on which the maximum tax rate is zero.

Step 1

Work out your basic levy

If your taxable income is:

- $13 808 or more but less than $14 927, your levy is 20 cents for every dollar above $13 807.
  For example: the levy you pay on a taxable income of $14 000 is $38.60

  $(\$14\,000 - \$13\,807) \times \frac{20}{100} = \$38.60$

- $14 927 or more, your levy is 1.5 per cent of your taxable income.
  For example: the levy you pay on a taxable income of $15 100 is $226.50

  $\$15\,100 \times \frac{1.5}{100} = \$226.50$

Step 2

Did you claim for a reduction or exemption at question **M1**? If not, your Medicare levy is the amount you worked out at step 1. If you are claiming a reduction or exemption, *read on*.

Step 3

If you only completed part B of question **M1**, *go to* step 4.

If you completed part B and either of or both parts C and D, *go to* step 4.

If you completed part C, part D or both, *go to* step 6.

Step 4

Work out your family income

If you had a spouse on 30 June 2001 or your spouse died during 2000–01, your family income is the combined taxable income of you and your spouse.

If you did not have a spouse on 30 June 2001 but you were eligible for a reduced levy based on family income, your family income is your taxable income.

Refer to the following table. If your family income is less than or equal to your relevant lower income limit for the number of dependent children and students you had, you do not pay a levy. If your family income is greater than your relevant lower limit but less than or equal to your relevant upper income limit, you pay a reduced levy.

Family income

Number of dependent children and students during 2000–01	*Lower income limit*	*Upper income limit*
0	$23 299	$25 188
1	$25 439	$27 501
2	$27 579	$29 815
3	$29 719	$32 128
4	$31 859	$34 442

If you have more than 4 dependent children or students, you can extend this table. The lower income limit increases by $2140 for each additional child or student and the upper income limit increases by $2313 for each additional child or student.

The tables on the next page show you how to work out the amount of Medicare levy you pay. An example is presented and there is space left for your own calculations.

Example: Trevor has 2 dependent children and had a spouse on 30 June 2001. His taxable income is $15 100 and his spouse's taxable income is $14 000—a family income of $29 100. This is between his family income limits.

Step 5 *Work out* your family reduction amount. You need to do this in 2 parts.

Part 1

		Trevor		You
Family income	(a)	$29 100	(a)	$
Lower limit from step 4	(b)	$27 579	(b)	$
Take (b) away from (a).	(c)	$1521	(c)	$
Multiply (b) by 1.5 and *divide* by 100.	(d)	$413.69	(d)	$
Multiply (c) by 18.5 and *divide* by 100.	(e)	$281.39	(e)	$
Take (e) away from (d) to get your family reduction amount.	(f)	$132.30	(f)	$

If your spouse's taxable income is less than $13 808, *go to* step 6. If it is $13 808 or more, you will share the reduction amount as shown below.

Part 2

		Trevor		You
Family reduction amount from (f)	(g)	$132.30	(g)	$
Taxable income	(h)	$14 000	(h)	$
Multiply (g) by (h).	(i)	$1 852 200	(i)	$
Family income	(j)	$29 100	(j)	$
Divide (i) by (j) to get your share of the family reduction amount.	(k)	$63.65	(k)	$

Your family reduction amount is unlikely to be more than your basic levy. If it is, the difference is taken off the levy your spouse pays. Any excess family reduction amount your spouse has may be transferred to you.

Example: The levy Trevor's spouse would pay is:

$$(\$14\,000 - \$13\,807) \times \frac{20}{100} = \$38.60$$

As it is less than Trevor's spouse's share of the family reduction amount of $68.65 ($132.30 – $63.65), the balance of $30.05 ($68.65 – $38.60) can be transferred to Trevor.

Transfer of any excess from spouse

		Trevor		You
Excess family reduction amount transferred from Trevor's spouse	(l)	$30.05	(l)	$
Add (k) and (l) to get your share of the family reduction amount.	(m)	$93.70	(m)	$

Step 6 **Net basic levy**

		Trevor		You
Basic levy from step 1	(n)	$226.50	(n)	$
Family reduction amount if applicable—from (f), (k) or (m)	(o)	$93.70	(o)	$
Take (o) away from (n) to get net basic levy.	(p)	$132.80	(p)	$

If you did not complete either part C or part D of question **M1**, the amount of levy you have to pay is (p). If you completed one or both of these parts, *read on*.

Step 7 How much of your net basic levy (p) do you pay?

Full exemption

Number of days at V item **M1** on your tax return, if any	(q)	
Net basic levy at (p)	(r)	$
Multiply (q) by (r).	(s)	$
Divide (s) by 365	(t)	$

Half exemption

Number of days at W item **M1** on your tax return, if any	(u)	
Net basic levy at (p)	(v)	$
Multiply (u) by (v).	(w)	$
Divide (w) by 365.	(x)	$
Divide (x) by 2.	(y)	$

Your exemption amount

Add (t) to (y) to get your exemption amount.	(z)	$

The amount of Medicare levy you pay, if any, is your net basic levy at (p) less any exemption amount at (z).

MEDICARE LEVY SURCHARGE (FROM QUESTION M2)

You do not have to work out the amount of Medicare levy surcharge you will pay. We will work it out from the information you provide on your tax return. We will tell you the result on your notice of assessment. If you do want to work it out before you receive your notice of assessment, follow the steps below.

Working out your Medicare levy surcharge

Your taxable income from **TAXABLE INCOME OR LOSS** on your tax return	(a)	$
Add to (a) any amount you have shown at item **9** on your tax return.	(b)	$
Add to (b) any amount you have shown at item **A3** on your tax return.	(c)	$
Take away from (c) any post-June 1983 component of an eligible termination payment where the maximum tax rate is zero.	(d)	
Divide (d) by 100 to get 1 per cent.	(e)	$

If you have to pay the surcharge for the WHOLE year, the amount you have to pay is (e). If you have to pay the surcharge for PART of the year, continue with the steps below.

Number of days at A item **M2** on your tax return	(f)	
Take (f) away from 365.	(g)	
Multiply (e) by (g).	(h)	
Divide (h) by 365.	(i)	$

The amount of the surcharge you have to pay is (i).

Note

If you had exempt foreign employment income you will not be able to work out your Medicare levy surcharge. We will do this when working out the amount of tax (including the surcharge) you have to pay on your other income.

HIGHER EDUCATION CONTRIBUTION SCHEME REPAYMENT AMOUNT

You do not have to repay any money towards your outstanding Higher Education Contribution Scheme (HECS) debt if:

- you are entitled to a reduction of $1 or more from the Medicare levy due to low family income. Question **M1** part B on pages 91–4 shows you how to work out if you qualify for a reduction OR
- your HECS repayment income is less than $22 346. HECS repayment income is your taxable income plus total reportable fringe benefits amounts at item **9** on your tax return plus any net rental losses at item **20** on your tax return.

Step 1

Read the following table to find out the rate that applies to you.

HECS rates table

HECS repayment income	*Repayment rate % of HECS repayment income*
Below $22 346	Nil
$22 346–$23 565	3%
$23 566–$25 393	3.5%
$25 394–$29 456	4%
$29 457–$35 551	4.5%
$35 552–$37 420	5%
$37 421–$40 223	5.5%
$40 224 and above	6%

Step 2

Multiply your HECS repayment income by the rate from step 1. The result is your HECS repayment amount which will be shown on your notice of assessment as your HECS assessment debt.

Use this amount when working out your tax refund or tax debt on page 116. Do not write this amount anywhere on your tax return.

STUDENT FINANCIAL SUPPLEMENT SCHEME (SFSS) REPAYMENT AMOUNT

Only Financial Supplement Loans taken out in any of the years from 1993 to 1996 are subject to compulsory repayment through the taxation system in the 2000–01 income year.

You do not have to repay any money towards your outstanding SFSS debt if your taxable income is less than $31 639.

Your taxable income is the amount you show at **TAXABLE INCOME OR LOSS** on page 3 of your tax return.

Step 1

Read the following table to find out the rate that applies to you.

SFSS rates table

Taxable income	*Repayment rate % of taxable income*
Below $31 639	Nil
$31 639–$35 954	2%
$35 955–$50 339	3%
$50 340 and above	4%

Step 2

Multiply your taxable income by the rate from step 1.

The result is your SFSS repayment amount which will be shown on your notice of assessment as your Financial Supplement assessment debt.

Use this amount when working out your tax refund or tax debt on page 116. Do not write this amount anywhere on your tax return.

For more information about repaying your Financial Supplement Loans taken out in any of the years from 1993 to 1996, refer to the publication *How to repay Financial Supplement Loans* (NAT 2789—8.2000). To find out how to get this publication, see the inside back cover of *TaxPack*.

FINAL WORKSHEET

Items marked with * appear on the supplementary section of the tax return and do not apply if you did not need to complete that section.

Complete all the steps. If any of the amounts listed do not apply to you, write **'0'** in the appropriate box.

Step 1 Tax on taxable income

Transfer the amount of tax you worked out on page 109–10. **A**

Step 2 Tax offsets (formerly called rebates)

Total tax offsets claimed on page 4 of your tax return—do not include your 30% private health insurance tax offset (**G** item **T4** on your tax return)—this is shown at step 9

Pension or beneficiary tax offset from pages 110–11. If you have both, use the one that gives you the most.

Tax offset on life assurance bonuses from question **21*** in *TaxPack 2001 supplement*

Low income tax offset from page 112

Add up all your tax offsets. **B**

Step 3 Tax payable

Take **B** away from **A.** If the result is less than zero *write* **'0'** here. **C**

Step 4 Medicare levy and Medicare levy surcharge

Medicare levy from page 114

Medicare levy surcharge from page 114

Add up your Medicare levy related amounts. **D**

Step 5 Total tax payable

Add **C** and **D.** **E**

Step 6 Foreign tax credits

Foreign tax credits—amount at **O** item **19*** on your tax return **F**

Take **F** away from **E.** (If the result is less than zero write **'0'** here.) **G**

Step 7 HECS repayments and SFSS repayments

HECS repayments from page 115

SFSS repayments from page 115

Add up your HECS and SFSS repayments. **H**

Step 8 *Add* **G** and **H.** **I**

Step 9 Credits and refundable tax offsets

Pay As You Go (PAYG) instalments

Total credits from payment summaries—amount at:

$ item **TOTAL TAX WITHHELD** on your tax return

Credits from tax withheld—amounts at:

P item **12*** on your tax return

G + **H** + **J** item **13*** on your tax return

D + **W** + **F** item **14*** on your tax return

Credits from tax file number amounts—amounts at:

M item **10** on your tax return

V item **11** on your tax return

R item **12*** on your tax return

Credit for interest on early payments—amount at:

L item **C1*** on your tax return

30% private health insurance tax offset—amount at:

G item **T4** on your tax return

Franking tax offset (imputation credit)—amounts at:

U item **11** on your tax return

Q item **12*** on your tax return

Add up your credits and refundable tax offsets. **J**

Step 10 Net tax payable

Take **J** away from **I.** **K**

If **K** is negative (less than zero), this is the amount of **refund due to you**—excluding any other tax debts or child support payments. If **K** is positive (more than zero), this is the amount of **tax you have to pay**.

Where to lodge your tax return

To make sure your tax return is processed as quickly as possible, use the pre-addressed envelope enclosed with your copy of *TaxPack*. The address shown on the pre-addressed envelope is the official lodgment address. If you post your tax return to an address other than this, you may experience delays.

The envelope is only for lodgment of your tax return (and its attachments) and/or non-lodgment advice. You must send other correspondence to Australian Taxation Office (ATO) locations listed on page 124.

If you did not receive an envelope with your *TaxPack* or you have misplaced it, please post your tax return in a business size envelope to:

AFFIX
STAMP
HERE

Australian Taxation Office

GPO Box 9845

IN YOUR CAPITAL CITY

Note **The address must appear on your envelope as shown. Do not replace the words 'IN YOUR CAPITAL CITY' with the name of your capital city. Because of a special agreement with Australia Post there is no need for you to include the name of your capital city or a post code.**

Note

Instead of posting your tax return directly to the ATO you can use Australia Post ***TAX****PACK****EXPRESS*** for a fast tax refund. Through this service Australia Post will process your tax return and lodge it electronically with the ATO. The ATO will issue your refund and notice of assessment in around 14 days. The fee of $21.50 is tax deductible in your next year's tax return. For more information see the brochure that came with *TaxPack* or pick up a brochure and free lodgment envelope from your nearest post office (do not use the ATO addressed envelope enclosed with *TaxPack*).

If you made a mistake on your tax return

If you realise that you did not include something on your tax return that you should have, or there is some other error on your tax return, you need to correct it as soon as possible by requesting an amendment.

To request an amendment write a letter to the Australian Taxation Office.

In your letter provide your name, address, telephone number and tax file number and information about what you want to amend. Include:

- the year shown on the tax return you want to amend—for example, 1999
- the tax return item number and description affected by the change
- the amount of income or deductions to be added or taken away
- the amount of tax offsets to be increased or decreased
- the relevant claim type code—if applicable to the item being changed
- an explanation of why you made the mistake
- a signed and dated declaration as follows: 'I declare that all the information I have given in this letter, including any attachments, is true and correct.'

If you have lodged your *2001 tax return for individuals* by 31 October 2001, and subsequently you voluntarily tell us that you made a mistake and an amendment will result in your paying more tax, you will not have to pay any penalty or interest if you tell us by the later of:

- 21 days from the date of issue shown on your notice of assessment; or
- the due date for payment of your tax, shown on your notice of assessment.

However, if you have used *TaxPack* properly and have made an honest mistake (for example, you transposed an amount incorrectly on to your tax return), you will not be charged a penalty, although you may have to pay interest on any shortfall of tax. Our decision will be based on your particular circumstances that you explain in your letter.

If you made the mistake because something in *TaxPack* was misleading, you will not be charged any penalty or interest.

It is very important that your letter provides an explanation of why you made the mistake so that we can assess any penalties or interest correctly.

Penalties will not be raised if the amendment reduces the tax assessed—for example, where you increase your deductions or tax offsets.

Make sure you sign and date the declaration in your letter, and attach any group certificates, payment summaries or additional information if applicable to the item being changed. Post your letter and attachments to your nearest tax office—addresses are shown on page 124 in *TaxPack*. Keep a copy of your letter for your records. Do not send in another tax return unless we ask you to.

Example of a letter requesting an amendment

Jody R Citizen
141 Elizabeth Rd
Armstrongville 1234

Tax file number: 123 456 789
Phone: (01) 2345 6789

Dear Deputy Commissioner of Taxation

Please amend my 2001 tax return. My employer sent me a letter advising me that my payment summary was incorrect. Please increase my income at question 1 by $1450 and also increase my tax withheld by $368.20. A copy of the letter is attached.

I declare that all the information I have given in this letter, including any attachments, is true and correct.

Jody Citizen

Jody R Citizen
12 September 2001

Note

For the example, Jody would send her letter and attachment to her nearest tax office as shown on page 124.

Paying your tax debt

How do you know how much you have to pay?

Your notice of assessment will tell you how much tax you have to pay, if any, and when you must pay to avoid being charged a penalty for late payment.

When do you pay your tax debt?

The due date for payment by individuals has changed compared to previous years, when the earliest day for payment was 1 December. The earliest due date for any personal income tax debt for 2000–01 is 21 November 2001.

If you lodge your tax return by 31 October 2001 you must pay your tax debt on or before the date specified in your notice of assessment. General interest charge (GIC) is imposed on any amount not paid by the due date.

If you do not lodge your tax return on time, the law treats your tax payable as being due on 21 November 2001. If you have tax to pay on assessment the GIC is imposed from that due date.

Where do you pay your tax debt?

The methods for payment are set out on the back of your notice of assessment. If you need more information, ring the cash management helpline on FREECALL **1800 815 886**.

Please note, the Australian Taxation Office (ATO) does not accept payment by credit card.

What if you don't agree with your assessment?

You must pay your tax debt on time even if you have lodged an objection or asked for an amendment. If the objection is decided in your favour, you will receive a refund of the amount you have overpaid plus interest.

What if you cannot pay your tax debt on time?

If you cannot pay your tax debt on time, you should contact us via email at **debtpayment@ato.gov.au** or ring the debt collection helpline on **13 2550** and explain your reasons.

In some circumstances you will need to provide written details of your financial position, including a statement of your assets and liabilities and details of your income and expenditure.

The ATO will also want to know what steps you have taken to obtain funds to pay your debt and what steps you are taking to make sure you meet future tax debts on time. You may be given extra time to pay, depending on your particular circumstances.

If we allow you to pay your tax debt late, you are required by law to pay interest in the form of a GIC. The GIC is set according to market rates and is tax deductible in the income year that it was incurred. The law also provides for remission of the GIC in limited circumstances. This means that the Commissioner of Taxation may excuse you from all or part of the GIC. Ring the debt collection helpline for further information.

What if payment will cause you serious hardship?

Serious hardship exists when you are unable to provide food, accommodation, clothing, medical treatment, education or other necessities for you or your family or other people for whom you are responsible.

You can apply to the Tax Relief Board for a release from payment of your tax debt. The ATO can give you further information and an application—ring the debt collection helpline on **13 2550**.

The Tax Relief Board will consider your application and decide whether to grant you a release. With some larger debts you may need to appear before the Administrative Appeals Tribunal before the board can consider the matter. Even if you lodge an application, action may still be taken to recover your unpaid tax debt.

Need more information?

The *Taxpayers' Charter* explanatory booklet 15—*Paying your taxes* (NAT 2563—7.99) contains more information. To find out how to get this publication, see the inside back cover of *TaxPack*.

Note For all other general account enquiries ring the Personal Tax Infoline on the inside back cover of *TaxPack*.

Your notice of assessment

What is your notice of assessment?

The notice of assessment that the Australian Taxation Office (ATO) sends to you is an itemised account of the amount of tax the ATO has worked out you owe on your taxable income, taking into account any tax offsets (formerly called rebates) you are entitled to. Your notice also contains other details which are not part of the assessment such as the amount of credit for tax you have already paid through the year.

When you receive your notice of assessment check it to make sure that everything appears correct.

Unless you are using electronic funds transfer, the bottom section of your notice of assessment will be either your refund cheque or, if you owe tax, your payment advice.

Please note that if you are entitled to a refund, any outstanding taxation or child support amounts may be deducted from it.

Family tax benefit (FTB) and your notice of assessment

If you lodged an FTB tax claim with your tax return your notice of assessment will include information about your FTB entitlement or, if the Family Assistance Office (FAO) was unable to process your entitlement in time, it will contain advice to that effect.

If you received FTB directly from the FAO—for example, as a fortnightly payment—your notice of assessment may include information about your reconciliation outcome.

Reconciliation
When your actual family income is known the FAO will make sure you have been paid the right amount of FTB. If you and your spouse lodge a tax return the ATO will send your actual income details to the FAO for calculation of your correct entitlement. The FAO will compare what you received based on your estimate of family income, with your final FTB entitlement.

If you were paid less FTB than you are entitled to, your FTB payment will be 'topped up'. The top-up will be included in your assessment or, where that is not possible, the FAO will pay it to you directly.

If you have been paid too much FTB, the FAO will recover any amount you should not have received. A tax refund—yours or your spouse's if they gave consent—can be used to recover these amounts directly.

If you received FTB directly from the FAO but your notice of assessment does not show an FTB reconciliation outcome, do not be alarmed.The reason may be that the FAO was unable to reconcile your FTB payment by the time the ATO issued your notice of assessment—for example, your spouse has not lodged their tax return. If you have an FTB overpayment or are entitled to a 'top up' the FAO will contact you directly.

If you are unsure about an FTB amount or message that appears on your notice of assessment, visit the FAO or ring on **13 6150**.

How long do you have to wait for your notice of assessment?

Our current standard for processing tax returns posted to the ATO is 6 weeks. If you lodged an *e-tax* tax return over the Internet or if you lodged your tax return through the ***TAX****PACK***EXPRESS*** service, our standard processing time is 2 weeks.

However, if you receive a family tax benefit payment from the Family Assistance Office, or claim it from the ATO, your *e-tax* or ***TAX****PACK***EXPRESS*** tax return may take longer than normal to process. This is necessary to make sure that family tax benefits are paid correctly.

If you sent your tax return by ordinary post please wait 7 weeks before ringing to check on our progress with your tax return. If you lodged over the Internet or used the ***TAX****PACK***EXPRESS*** service please wait 3 weeks.

After that time you can ring **13 2863** between 8 a.m and 6 p.m. When you ring we will ask you to provide your tax file number and other information to confirm your identity—for example, details from a recent notice of assessment.

Asking about your assessment

It's quicker by phone
When you ring we will ask you to provide your tax file number (TFN) and other information to confirm your identity—for example, details from a recent notice of assessment.

If you want a representative to be able to ring on your behalf, you must provide written authorisation beforehand to the ATO. Your representative will need to quote this authorisation and also provide information to prove their identity.

This requirement is to protect your privacy.

If you write
Quote your TFN, your full name and your address. Please provide your telephone number if it is convenient. Remember to sign the letter.

Can you get your refund before 6 weeks?

The Australian Taxation Office (ATO) may be able to help you get a quicker refund if you are experiencing serious financial hardship. Serious hardship exists when you are unable to provide food, accommodation, clothing, medical treatment, education or other necessities for you or your family or other people for whom you are responsible.

Ring the ATO before you lodge your tax return to find out if you are eligible for this quicker service. Have on hand your tax return, TFN, pension or benefit statement, payment summaries, and other papers that show you are in severe financial hardship.

What if you think your assessment is wrong?

Check all the details from your notice of assessment with those in your tax return. If you still think there is a problem, ring the Personal Tax Infoline on the inside back cover of *TaxPack* for help. You will need your notice of assessment and, if possible, a copy of your tax return.

What if you *still* think your assessment is wrong?

You can write to the ATO and request an amendment—see **If you made a mistake on your tax return** on page 118—or you can object to your assessment.

If you object to your assessment, you have a formal right to appeal against our decision on your objection if you disagree with it. If you request an amendment, you do not have any formal right to appeal. If your objection or request for an amendment is successful you have a right to receive interest on any overpaid tax. You cannot use the ***TAX**PACK**EXPRESS*** service or *e-tax 2001* to lodge your objection.

When writing to the ATO to object to your assessment, make sure you:

- address your letter to the Deputy Commissioner of Taxation at the office that sent your notice of assessment
- include your tax file number (TFN) and the year of the assessment
- include your address and, if convenient, give your daytime telephone number so we can contact you to talk about your letter if necessary
- use the word **object** if you are objecting and give full details of what you think is wrong
- include a copy of your notice of assessment and copies of any relevant papers or documents such as receipts
- use the words **ATO error** in your letter—if you believe this is so
- include the following declaration in your objection letter: 'I declare that all the information I have given in this letter, including any attachments, is true and correct.'
- sign and date the declaration
- keep a copy of your letter for your records.

Post your letter to the tax office that sent your notice of assessment. Do not send us another tax return for this income year unless we ask you to.

Is there any time limit for you to request an amendment or lodge an objection?

Your amendment request must be lodged within 4 years of the due day for payment (or 2 years if you meet the shorter period of review requirements).

For 2000–01, if a due date for payment is not specified on your notice of assessment and

- you lodge your tax return by 31 October 2001, the amendment request must be lodged within 4 years (or 2 years if you meet the shorter period of review requirements) of the later of 21 November 2001 or 21 days after you receive your notice of assessment
- you do not lodge your tax return by 31 October 2001, the amendment request must be lodged within 4 years of 21 November 2001 (or 2 years if you meet the shorter period of review requirements).

Your objection must be lodged within:

- 4 years of the date of service of your notice of assessment or
- 2 years if you are subject to a shorter period of review (see page 4 in *TaxPack*)

If you wish to object to an assessment which has already been amended, you need to do so by:

- 60 days from the date of service of the notice of amended assessment or
- 4 years (or 2 years if you meet the shorter period of review requirements) after the date of service of the notice of the original assessment which has been amended

—whichever is later.

If your objection is not lodged within the above time limits, you may request an extension of time to lodge your objection. You must request the extension in writing with your objection, giving the reasons why the objection is late. If your extension request is refused, you may apply to the Administrative Appeals Tribunal (AAT) for a review of the decision.

How will you know what the ATO decides?

The ATO will either write to you or send you a notice of amended assessment or both.

What can you do then?

If you are still not satisfied with the ATO's decision on your objection, you have the right to appeal to the AAT, which includes the Small Taxation Claims Tribunal, or the Federal Court.

If we do not allow your objection in full, we will tell you what to do if you want to appeal when we send you our decision.

Privacy and access

How does the Australian Taxation Office (ATO) protect your tax information?

Taxation Acts have secrecy provisions that prohibit any officer of the ATO or any other government department from accessing, recording or disclosing anyone's tax information except in performing their duties. A person can be fined up to $10 000 and sentenced to 2 years in prison for breaking these provisions.

In addition, the Privacy Act protects personal information held by federal government agencies. It also protects tax file numbers, no matter who holds them.

Can the ATO give your information to anyone?

The ATO can give your information to some government agencies which are named in law. This is usually to check eligibility for government benefits, for law enforcement purposes or for collecting statistics. Any further use of your information by these agencies is also controlled by law. ATO officers can also disclose your information to these agencies in performing their duties.

Otherwise, the ATO can give personal information only to you or to someone who can show that they have your permission to act for you.

What about Child Support Agency (CSA) clients?

Information you give may be used by the CSA in assessing or collecting child support.

Who can ask you for your tax file number (TFN)?

Only certain people and organisations can ask you for your TFN. These include employers, some federal government agencies, trustees for superannuation funds, payers under the Pay As You Go (PAYG) system, higher education institutions, the CSA and investment bodies such as banks. You do not have to give your TFN but there may be consequences if you do not. For example, if you are applying for a pension and you do not give your TFN, you may not be paid the pension.

Do you need more information?

If you need more information about how the tax laws protect your personal information, ring the Personal Tax Infoline on the inside back cover of *TaxPack*.

If you have any concerns about privacy and your taxation information, you can also contact the Privacy Commissioner by ringing the privacy hotline **1300 363 992** for the cost of a local call (calls from mobile phones are charged at mobile rates) or by writing to the Privacy Commissioner, GPO Box 5218, Sydney NSW 1042.

FREEDOM OF INFORMATION

The *Freedom of Information (FOI) Act 1982* gives you the right to see your tax return and other documents—for example, public rulings and determinations, group certificates, payment summaries and notices of assessment. In some circumstances this information may be provided free of charge, but usually there is a charge to cover the time and expense involved in getting the information for you. We suggest you make enquiries by phone before you ask for information under the FOI Act. Ring the Personal Tax Infoline on the inside back cover of *TaxPack*.

Please keep copies of your tax returns, as a request for a copy from the ATO may involve a charge.

INFORMATION

Taxpayers' Charter—an overview

The *Taxpayers' Charter* was developed by the Australian Taxation Office (ATO) in consultation with the public, business and community groups, tax practitioners, ATO staff and other government agencies.

The *Taxpayers' Charter* outlines:

- your rights as a taxpayer under the law
- the service and other standards you can expect
- what you can do if you are dissatisfied with ATO decisions, actions or service or you wish to complain and
- your important tax obligations.

To find out how to get a copy of the *Taxpayers' Charter* (NAT 2547—7.99) or the *Taxpayers' Charter summary* (NAT 2548—7.99) see the inside back cover of *TaxPack*.

Your right to complain

If you are dissatisfied with a particular decision, service or action of the Australian Taxation Office (ATO), you have the right to complain, as set out in the *Taxpayers' Charter*.

The ATO recommends that you:

- first, try to sort it out with the tax officer you have been dealing with (or ring the number they have given you)
- if you are not satisfied, talk to the tax officer's manager
- if you are still not satisfied, ring the complaints line **13 2870**. The complaints line is part of the Problem Resolution Service.

The Problem Resolution Service

The Problem Resolution Service (PRS) is the internal complaints area for the ATO. Reporting to the Commissioner of Taxation, the PRS provides an independent review of complaints. The PRS manages your complaint and works with ATO business areas to resolve your concerns.

You can also make a complaint by writing to the PRS at Locked Bag 3120, Melbourne 3001 or send a FREEFAX on **1800 060 063**.

The Commonwealth Ombudsman

If you are not satisfied with the ATO's decisions or actions, you can raise the matter with the Commonwealth Ombudsman's Special Tax Adviser. Before looking into a matter, the Special Tax Adviser may request that a complainant approach the PRS.

The Commonwealth Ombudsman's Office can investigate most complaints relating to tax administration and may recommend that the ATO provides a solution or remedy to your problem. Investigations are independent, private, informal and free of charge.

Ring the Commonwealth Ombudsman's Office on the National Complaints Line **1300 362 072** or visit your nearest Commonwealth Ombudsman's Office (located in all Australian capital cities). You can also visit the Commonwealth Ombudsman's Internet site at **www.comb.gov.au** or write to:

The Special Tax Adviser
Commonwealth Ombudsman
GPO Box 442
Canberra ACT 2601

The Privacy Commissioner

The Privacy Commissioner receives complaints under the *Privacy Act 1988* and tax file number guidelines. You can contact the Privacy Commissioner by ringing the privacy hotline on **1300 363 992** or by writing to the Privacy Commissioner, GPO Box 5218, Sydney 1042.

Australian Taxation Office locations

Lodge your tax return at the address shown on page 117.

Below are our street addresses, and mailing addresses for correspondence. Please send correspondence to the office shown on your last notice of assessment, if you have one; otherwise send it to the nearest tax office.

If you have an enquiry, we can usually assist you faster by telephone. The inside back cover of *TaxPack* lists our telephone helpline services.

If you prefer to make your enquiry in person, we request that you make an appointment by phone. The numbers to ring for an appointment are provided in the list below.

New South Wales

Albury
567 Smollett Street Albury
PO Box 9990 Albury 2640
Phone **13 2861** for an appointment.

Bankstown
ATO*access*
2 Meredith Street Bankstown
Private Bag 8000 Bankstown 1888
Phone **13 2861** for an appointment.

Chatswood
ATO*access*
Shop 43 Lemon Grove
Shopping Centre
441 Victoria Avenue Chatswood
GPO Box 9990 Sydney 2001
Phone **13 2861** for an appointment.

Hurstville
ATO*access*
1st Floor MacMahon Plaza
14–16 Woodville Street Hurstville
PO Box 9990 Hurstville 2220
Phone **13 2861** for an appointment.

Newcastle
266 King Street Newcastle
PO Box 9990 Newcastle 2300
Phone **13 2861** for an appointment.

Parramatta
ATO*access*
Commonwealth Offices
Ground Floor
2–12 Macquarie Street Parramatta
PO Box 422 Parramatta 2123
Phone **13 2861** for an appointment.

Penrith
121–125 Henry Street Penrith
PO Box 1400 Penrith 2740
Phone **13 2861** for an appointment.

Sydney
100 Market Street Sydney
GPO Box 9990 Sydney 2001
Phone **13 2861** for an appointment.

Wollongong
93–99 Burelli Street Wollongong
PO Box 9990 Wollongong 2500
Phone **13 2861** for an appointment.

South Australia

Adelaide
91 Waymouth Street Adelaide
GPO Box 800 Adelaide 5001
Phone **13 2861** for an appointment.

Queensland

Brisbane
ATO*access*
280 Adelaide Street Brisbane
GPO Box 9990 Brisbane 4001
Phone **13 2861** for an appointment.

Chermside
ATO*access*
766 Gympie Road Chermside
PO Box 9990 Chermside 4032
Phone **13 2861** for an appointment.

Townsville
ATO*access*
Stanley Place
235 Stanley Street Townsville
PO Box 9990 Townsville 4810
Phone **13 2861** for an appointment.

Upper Mt Gravatt
2221–2233 Logan Road
Upper Mt Gravatt
PO Box 9990 Upper Mt Gravatt 4122
Phone **13 2861** for an appointment.

Australian Capital Territory

Canberra
ATO*access*
Ground floor Ethos House
28–36 Ainslie Avenue Canberra
GPO Box 9990 Canberra 2601
Phone **13 2861** for an appointment.

Tasmania

Hobart
200 Collins Street Hobart
GPO Box 9990 Hobart 7001
Phone **13 2861** for an appointment.

Victoria

Box Hill
990 Whitehorse Road Box Hill
PO Box 9990 Box Hill 3128
Phone **13 2861** for an appointment.

Casselden Place
2 Lonsdale Street Melbourne
PO Box 9990 Moonee Ponds 3039
Phone **13 2861** for an appointment.

Cheltenham
ATO*access*
4A, 4–10 Jamieson Street Cheltenham
PO Box 9990 Dandenong 3175
Phone **13 2861** for an appointment.

Dandenong
14 Mason Street Dandenong
PO Box 9990 Dandenong 3175
Phone **13 2861** for an appointment.

Geelong
92–100 Brougham Street Geelong
PO Box 9990 Geelong 3220
Phone **13 2861** for an appointment.

Moonee Ponds
6 Gladstone Street Moonee Ponds
PO Box 9990 Moonee Ponds 3039
Phone **13 2861** for an appointment.

Northern Territory

Alice Springs
ATO*access*
Jock Nelson Centre
16 Hartley Street Alice Springs
GPO Box 800 Adelaide 5001
Phone **13 2861** for an appointment.

Darwin
ATO*access*
Cnr Mitchell & Briggs Streets Darwin
GPO Box 800 Adelaide 5001
Phone **13 2861** for an appointment.

Western Australia

Cannington
48–54 Grose Avenue Cannington
PO Box 9990 Cannington 6987
Phone **13 2861** for an appointment.

Northbridge
45 Francis Street Northbridge
GPO Box 9990 Perth 6848
Phone **13 2861** for an appointment.

Index

All page references with an 's' refer to pages in *TaxPack 2001 supplement*. To find out how to get a copy of *TaxPack 2001 supplement* see page 5.

All other page references refer to pages in *TaxPack 2001*.

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TaxPack 2001

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PUBLICATIONS

PUBLICATIONS, TAXATION RULINGS, PRACTICE STATEMENTS, FORMS AND THE *TAXPAYERS' CHARTER*

To get publications referred to in *TaxPack 2001* you have 3 options:

Visit our Internet site—for publications, taxation rulings, practice statements and the *Taxpayers' Charter*—at www.ato.gov.au

Ring our Publications Distribution Service—for all referred publications, including forms.

From July until the end of October, this service operates from 8 a.m. to at least 10 p.m. on weekdays and from 10 a.m. to 5 p.m. on weekends—Eastern Standard Time. Before you ring, check to see if there are other publications you may need—this will save you time and help us. For each publication you order please quote the full title and NAT number, if any, printed in *TaxPack***.**

This distribution service is not run by Australian Taxation Office (ATO) staff. Your tax questions cannot be answered on this number. Ring the Publications Distribution Service on **1300 720 092** for the cost of a local call. Calls from mobile phones are charged at mobile rates.

Visit an ATO office—see page 124 for our street addresses.

HELPLINES

IF YOU HAVE AN ENQUIRY ABOUT YOUR TAX, RING THE RELEVANT HELPLINE NUMBER BELOW.

Our helplines provided below are open Monday to Friday during normal business hours except where otherwise indicated. You can ring any '13' number for the cost of a local call. Calls from mobile phones are charged at mobile rates. Make sure you have your *TaxPack* handy when you ring.

Lodgment enquiries

If you are unsure whether you need to lodge a tax return or you want to know where or when to lodge your tax return, ring **13 2863** between 8 a.m. and 6 p.m.

Superannuation

TaxPack 2001 questions **4**, **D8**, **T3** and *TaxPack 2001 supplement* questions **19**, **D11**, **D12** and **T5**.

For assistance with all your superannuation enquiries, ring the helpline on **13 1020**.

Reportable fringe benefits

For assistance with all your reportable fringe benefits enquiries, ring **13 3328**.

Internet site—ATO*assist*

The Internet site at **www.ato.gov.au** gives access to ATO publications and general information on tax matters—24 hours a day, every day.

a FAX from TAX

If you have access to a fax machine, tax information—including information on the Higher Education Contribution Scheme and the Student Financial Supplement Scheme—is available 24 hours a day, every day.

Ring **13 2860** and follow the instructions to obtain a list of available documents.

Binding Oral Advice (oral rulings)

If you need more information on Binding Oral Advice, or wish to apply for an oral ruling, ring the Personal Tax Infoline below.

Personal Tax Infoline

Our Personal Tax Infoline is for tax questions on topics other than those already described. Ring **13 2861** between 8 a.m. and 6 p.m.

National Aboriginal and Islander Resource Centre

This centre specialises in helping Indigenous clients and can assist with a wide range of tax matters. The number is **13 1030**.

Refunds

Our current standard for processing tax returns posted to the ATO is 6 weeks. If you lodged an *e-tax* tax return over the Internet or if you lodged your tax return through the ***TAX****PACK****EXPRESS*** service, our standard processing time is 2 weeks.

However, if you receive a family tax benefit payment from the Family Assistance Office, or claim it from the ATO, your *e-tax* or ***TAX****PACK****EXPRESS*** tax return may take longer than normal to process. This is necessary to make sure that family tax benefits are paid correctly.

If you sent your tax return by ordinary post please wait 7 weeks before ringing to check on our progress with your tax return. If you lodged over the Internet or used the ***TAX****PACK****EXPRESS*** service, please wait 3 weeks.

After that time you can ring **13 2863** between 8 a.m. and 6 p.m. When you ring we will ask you to provide your tax file number and other information to confirm your identity—for example, details from a recent notice of assessment.

Hearing, speech or vision impairment

People with a hearing or speech impairment and with access to appropriate TTY or modem equipment can communicate with a tax officer by first contacting the Australian Communication Exchange National Relay Service.

To contact the ATO, ring the National Relay Service on **13 3677** and quote one of the helplines listed on this page.

People with a vision impairment may be able to use *TaxTape 2001* or *TaxDisk 2001*—check the outside back cover of *TaxPack* for more information.

You can find a list of ATO helpline numbers in your White Pages.

If you do not speak English and need help from the Australian Taxation Office, ring the Translating and Interpreting Service (TIS) on 13 1450. TIS staff can assist with translating and interpreting in over 100 languages. Ask them to set up a 3-way conversation between you, an interpreter and a tax officer.

Tax Help
SERVING THE COMMUNITY

If you want to complete your own tax return or your claim for a refund of imputation credits but think you may need some assistance, then Tax Help may be the answer.

Our network of community volunteers are trained and supported by the Australian Taxation Office to help taxpayers.

Tax Help is a free and confidential service for people on low incomes.

See page 12 in *TaxPack 2001* for more information—including the phone number to ring for Tax Help.

ASSISTANCE FOR PEOPLE WHO CANNOT READ STANDARD PRINT

TaxTape 2001 and *TaxDisk 2001* for people with a vision impairment are freely available through the Royal Blind Society.

To obtain a copy ring Freecall **1800 644 885**.