# STOP PRESS INFORMATION UPDATE

## A MESSAGE FROM THE COMMISSIONER OF TAXATION

Important tax changes were announced in this year's Federal Budget. As this occurred after *TaxPack 2001 for retirees* was printed, we have included this update to tell you about the changes.

If you're affected by these changes and you need to complete a tax return, use *TaxPack 2001 for retirees* with this update. If you do this you will be covered by my guarantee and we can make sure you receive the benefits to which you're entitled.

Michael Carmody
**Commissioner of Taxation**

The Government recently announced tax changes affecting Senior Australians and certain pension and payment recipients below age pension age.

### WHAT YOU NEED TO DO

### 1 Decide if you need to use this update

**This update is for:**

- **Senior Australians (see the definition on page ii) AND**
- **recipients of Commonwealth of Australia government pensions, allowances or payments who are below age pension age.**

**If you are not one of these people you do not have to read any more of this update. Go to *TaxPack 2001 for retirees* and complete your tax return.**

### 2 If you need to use this update, read it carefully with *TaxPack 2001 for retirees* to complete your tax return

**This update contains changes to the following sections of *TaxPack 2001 for retirees*:**

| | |
|---|---|
| **page 4** | **Do you need to lodge a tax return?—see page ii in the update** |
| **pages 55–7** | **Low income aged person—see page iii** |
| **page 74** | **Medicare levy reduction or exemption—see page iv** |
| **pages 86–8** | **What you need to know before your can work out your tax refund or tax debt (parts C and D)—see pages v–vii (at the back of *TaxPack 2001 for retirees*).** |

**The replacement information has a coloured background.**

**Note: There is no change to the tax return itself.**

### 3 When you have completed your tax return check that you have:

- **printed your tax offset code at N item 19 on your tax return if you are a self-funded retiree. The codes are listed on page 56 in *TaxPack 2001 for retirees***
- **if you have a spouse (or de facto), printed your spouse or de facto's name and completed details of their income on page 5 of your tax return, in particular at O, T, P and Q**
- **written your date of birth on page 1 of your tax return.**

**We need these details so we can make sure you receive the benefits to which you're entitled.**

**New term: Senior Australians tax offset**

'Senior Australians tax offset' is the new term for:

- the low income aged person tax offset, and
- the pensioner tax offset for people of age pension age.

'Tax offset' is the new term for a rebate.

STOP

If you receive the $300 bonus payment for Senior Australians, don't include it in your tax return.

# Do you need to lodge a tax return?

## PAGE 4 IN *TAXPACK 2001 FOR RETIREES*

The tax changes affecting Senior Australians and Commonwealth taxable pension, allowance or payment recipients mean some people may no longer have to lodge a tax return.

### WHAT YOU NEED TO DO

To work out whether you need to lodge a tax return, use the following information instead of the information at **1** and **2** on page 4 in *TaxPack 2001 for retirees*.

If you answer YES to **1A**, **1B** or **2** you need to lodge a tax return.

### 1A This question applies only to Senior Australians.

**For tax purposes you are a Senior Australian if on 30 June 2001:**

**A** you were a man aged 65 years or more OR a woman aged 61.5 years or more
OR
you were a man aged 60 years or more OR a woman aged 56.5 years or more and you were a veteran receiving a service pension or a war widow or widower receiving an income support supplement from the Department of Veterans' Affairs

AND

**B** you have been an Australian resident for 10 years OR you have a residence exemption for age pension purposes—for example, you have been an Australian resident for less than 10 years but you are a refugee

AND

**C** you have not been in prison for the whole of 2000–01 (1 July 2000 to 30 June 2001).

**Was your taxable income more than the following amounts?**

- if you were single at any time during the year—$20 000
- if you had a spouse but either of you lived in a nursing home or you had to live apart due to illness—$18 882[1]
- if you lived with your spouse for the full year—$16 306[2]

1 If the combined taxable income of you and your spouse was $70 404 or more and your own income was more than $6000, you need to lodge a tax return.

2 If the combined taxable income of you and your spouse was $58 244 or more and your own income was more than $6000, you need to lodge a tax return.

**YES** ☐ **NO** ☐

**If NO go to question 3 on page 4 in *TaxPack 2001 for retirees*.**

### 1B This question applies to all other Commonwealth taxable pension, allowance or payment recipients.

**Was your taxable income more than the following amounts?**

- 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 at any time during the year—$15 164
- if you lived with your spouse for the full year—$13 305.

**YES** ☐ **NO** ☐

**If NO go to question 3 on page 4 in *TaxPack 2001 for retirees*.**

### 2 If 1A and 1B do not apply to you—because you were not a Senior Australian or you did not receive a Commonwealth taxable pension, allowance or payment—was your taxable income more than $6000?

**YES** ☐ **NO** ☐

**If NO go to question 3 on page 4 in *TaxPack 2001 for retirees*.**

**EXAMPLES**

*Maria is 64 years old and lived with her husband, Toby, for the full income year. Maria's taxable income was $5300 and Toby's was $52 950. Although Maria and Toby's combined taxable income was more than the relevant threshold of $58 244, Maria does not have to lodge a tax return because her own taxable income was less than $6000.*

*George is a 61 year old veteran who lived with his wife, Kate, for the full income year. George's taxable income consisted of a Department of Veterans' Affairs service pension of $16 225. Kate is still working and her taxable income was $42 309. Although George's income was below the relevant threshold of $16 306, he still has to lodge a tax return because George and Kate's combined taxable income was more than $58 244 and George's own taxable income was more than $6000.*

# Low income aged person

## QUESTION 19 ON PAGES 55–7 IN *TAXPACK 2001 FOR RETIREES*

### WHAT YOU NEED TO DO

If you are not a Senior Australian (see the definition on page ii), this does not affect you. If you received a Commonwealth taxable pension, allowance or payment and you are below age pension age, complete item **1** on your tax return and we will work out if you are entitled to a pensioner tax offset. If you have a spouse complete **Spouse details—married or de facto** on page 5 of your tax return. Provide relevant details, in particular at **O**, **T**, **P** and **Q**. Go to page iv.

If at 30 June 2001 you were a Senior Australian and:

- you have shown an amount at question 1—we will work out if you are entitled to the Senior Australians tax offset. Do not complete question **19** in *TaxPack 2001 for retirees*. If you have a spouse complete **Spouse details—married or de facto** on page 5 of your tax return. Provide relevant details, in particular at **O**, **T**, **P** and **Q**. Go to page iv.
- you have not shown an amount at question **1**—complete question **19** using the updated amounts shown below.

On page 55, at the 4th dot point, use these updated amounts:

- You must 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~~ $37 840.
  - You did have a spouse—married or de facto—and the combined taxable income of you and your spouse was less than ~~$44 070~~ $58 244.
  - 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~~ $70 404. '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.

On page 56, to choose the correct tax offset code letter for your circumstances, use the following information instead of the existing dot points at step 1:

**Answer** 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, your spouse is a Senior Australian and your spouse's taxable income plus 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~~ $11 730, use **D** as this gives you the correct tax offset.
- If both **A** and **E** apply to you, your spouse received a Commonwealth pension, allowance or payment and is below age pension age, and your spouse's taxable income was less than $9100, use **E** as this gives you the correct tax offset.
- If both **A** and **B** apply to you, your spouse is a Senior Australian and your spouse's taxable income plus 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~~ $16 883, use **B** as this gives you the correct tax offset.
- If both **A** and **C** apply to you, your spouse received a Commonwealth pension, allowance or payment and is below age pension age, and your spouse's taxable income was less than $13 536, use **C** as this gives you the correct tax offset.

On page 57, in step 3 and the example, use these updated amounts:

If you used **B**, **C**, **D** or **E** complete **Spouse details—married or de facto** on page 5 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. We also need you to show the following amounts that your spouse received in 2000–01:

- any amounts of Commonwealth taxable pensions or allowances (listed on page 12 in *TaxPack 2001 for retirees*) at **P** OR
- any amounts of exempt pension income listed on page 10 in *TaxPack 2001 for retirees* at **Q**.

You need to show this even though you have not completed item **1**.

You must also complete **Your spouse's name** on page 1 of your tax return.

If you used **B** or **D** and the combined taxable income of you and your spouse is less than:

- ~~$52 842~~ $70 404 for code **B** or
- ~~$44 070~~ $58 244 for code **D**

you may be able to get any unused portion of your spouse's tax offset.

**Example**

Jana is married to Boris. They live together and both of them are eligible for this tax offset. Neither has received any Commonwealth of Australia government pension, allowance or payment listed at question 1. They are both over age pension age and their combined taxable income is less than ~~$44 070~~ $58 244. Jana's taxable income is $15 000 and Boris' is $7300.

# Medicare levy reduction or exemption

## QUESTION 24 ON PAGE 74 IN *TAXPACK 2001 FOR RETIREES*

The low income Medicare levy threshold has been increased.

### WHAT YOU NEED TO DO

To work out whether you are eligible for a Medicare levy reduction, use the information at (a) or (b) instead of the information under the heading **Low income earner and Medicare levy reduction categories** on page 74 in *TaxPack 2001 for retirees*.

**(a) If you are eligible for a Senior Australians tax offset (see pages i and ii), use this information:**

**Low income earner and Medicare levy reduction categories**

You do not need to complete this question if:

- your taxable income was ~~$13 807~~ $20 000 or less. You do not have to pay the Medicare levy
- your taxable income was more than ~~$13 807~~ $20 000 but less than ~~$14 927~~ $21 622. Your Medicare levy is reduced—calculated at 20 cents for every dollar above ~~$13 807~~ $20 000 but below ~~$14 927~~ $21 622
- you had a spouse—married or de facto—on 30 June 2001—or your spouse died during 2000–01—and the combined taxable income of you and your spouse was more than ~~$23 299~~ $31 729 but less than ~~$25 189~~ $34 303. Your Medicare levy is reduced. *Complete* **Spouse details—married or de facto** on page 5 of your tax return. Provide relevant details including your spouse's taxable income at **O**. If your spouse had no taxable income *write* **'0'**. You must also complete **Your spouse's name** on page 1 of your tax return.

**(b) If you receive a Commonwealth taxable pension, allowance or payment and you are below age pension age, use this information:**

**Low income earner and Medicare levy reduction categories**

You do not need to complete this question if:

- your taxable income was ~~$13 807~~ $15 970 or less. You do not have to pay the Medicare levy
- your taxable income was more than ~~$13 807~~ $15 970 but less than ~~$14 927~~ $17 265. Your Medicare levy is reduced—calculated at 20 cents for every dollar above ~~$13 807~~ $15 970 but below ~~$14 927~~ $17 265
- you had a spouse—married or de facto—on 30 June 2001—or your spouse died during 2000–01—and the combined taxable income of you and your spouse was more than $23 299 but less than $25 189. Your Medicare levy is reduced. *Complete* **Spouse details—married or de facto** on page 5 of your tax return. Provide relevant details including your spouse's taxable income at **O**. If your spouse had no taxable income *write* **'0'**. You must also complete **Your spouse's name** on page 1 of your tax return.

# What you need to know before you can work out your tax refund or tax debt—parts C and D

STOP

### WHAT YOU NEED TO DO

You do not have to work out your tax offset (part C) and your Medicare levy (part D)—we will work them out from the information you have provided in your tax return.

You may use the calculation section of *TaxPack 2001 for retirees* (pages 85–9) to work out your tax refund or tax debt. Note that this section does not include the changes from this update.

If you wish to work out your tax offset or Medicare levy, use the information on pages v–vii following the tax return at the back of *TaxPack 2001 for retirees*.

The calculations for pensioner or low income tax offset (part C) and for Medicare levy (part D) have changed. You need to first work through Part B—low income tax offset on page 86 in *TaxPack 2001 for retirees.*

The following information replaces part C on pages 86–8 in *TaxPack 2001 for retirees.*

## PART C—Pensioner or Senior Australians tax offset (from question 1 or 19)

If you want to work out your tax offset, you need to know your taxable income. This is the amount at item **17 TAXABLE INCOME** on page 2 of your tax return.

There are now 2 tax offset thresholds tables—table A applies to the Senior Australians tax offset, table B to the pensioner tax offset.

If you have a spouse and your taxable income is more than the relevant amounts in COLUMN 2 of table A or table B—whichever applies to you—you may still get a tax offset because of a transfer of the unused portion of your spouse's Senior Australians or pensioner 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 relevant tax offset thresholds table (A or B) below. This is the code letter you showed at either item **1** or item **19**.

**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 on page 87.

### TABLE A—SENIOR AUSTRALIANS TAX OFFSET THRESHOLDS

| *Your pensioner code letter* | *Your Senior Australians 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* |
|---|---|---|---|---|
| **S, Q*, J*** | **A** | $20 000 | $37 840 | $2230 |
| **I*** | **B*, C*** | $18 882 | $35 202 | $2040 |
| **P*** | **D*, E*** | $16 306 | $29 122 | $1602 |

[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 Senior Australians tax offset. We will work it out for you.

### TABLE B—PENSIONER TAX OFFSET THRESHOLDS

| *Your pensioner 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*** | $15 459 | $28 323 | $1608 |
| **I*** | $14 653 | $26 421 | $1471 |
| **P*** | $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 Senior Australians tax offset. We will work it out for you.

[2] If
- 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.

## Part D—Medicare levy

Use the information following that applies to you—either (a) or (b).

### (a) If you are eligible for a Senior Australians tax offset

You do not pay any Medicare levy if your taxable income is $20 000 or less.

**How to work out your basic levy**

**Step 1** If your taxable income is:

- $20 001 or more but less than $21 622, your levy is 20 cents for every dollar above $20 000.
  For example, the levy you pay on a taxable income of $20 500 is $100.
  $$(\$20\,500 - \$20\,000) \times \frac{20}{100} = \$100$$
- $21 622 or more, your levy is 1.5 per cent of your taxable income.
  For example, the levy you pay on a taxable income of $21 800 is $327.
  $$\$21\,800 \times \frac{1.5}{100} = \$327$$

**Step 2** Did you claim a reduction or exemption at question **24**? 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** How much of your basic levy at step 1 do you pay?

| **FULL EXEMPTION** | | |
|---|---|---|
| Number of days at **V** item **24** on your tax return, if any | (a) | |
| Basic levy at step 1 | (b) | $ |
| *Multiply* (a) by (b). | (c) | $ |
| *Divide* (c) by 365. | (d) | $ |

| **HALF EXEMPTION** | | |
|---|---|---|
| Number of days at **W** item **24** on your tax return, if any | (e) | |
| Basic levy at step 1 | (f) | $ |
| *Multiply* (e) by (f). | (g) | $ |
| *Divide* (g) by 365. | (h) | $ |
| *Divide* (h) by 2. | (i) | $ |

| **YOUR EXEMPTION AMOUNT** | | |
|---|---|---|
| *Add* (d) to (i) to get your exemption amount. | (j) | $ |

The amount of Medicare levy you pay, if any, is your basic levy at step 1 less any exemption amount at (j).

### (b) If you received a Commonwealth taxable pension, allowance or payment and you are below age pension age

You do not pay any Medicare levy if your taxable income is $15 970 or less.

**How to work out your basic levy**

**Step 1** If your taxable income is:

- $15 971 or more but less than $17 265, your levy is 20 cents for every dollar above $15 970.
  For example, the levy you pay on a taxable income of $16 500 is $106.
  $(\$16\,500 - \$15\,970) \times \frac{20}{100} = \$106$
- $17 265 or more, your levy is 1.5 per cent of your taxable income.
  For example, the levy you pay on a taxable income of $18 100 is $271.50.
  $\$18\,100 \times \frac{1.5}{100} = \$271.50$

**Step 2** Did you claim a reduction or exemption at question **24**? 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** How much of your basic levy at step 1 do you pay?

| **FULL EXEMPTION** | | |
|---|---|---|
| Number of days at **V** item **24** on your tax return, if any | (a) | |
| Basic levy at step 1 | (b) | $ |
| *Multiply* (a) by (b). | (c) | $ |
| *Divide* (c) by 365. | (d) | $ |

| **HALF EXEMPTION** | | |
|---|---|---|
| Number of days at **W** item **24** on your tax return, if any | (e) | |
| Basic levy at step 1 | (f) | $ |
| *Multiply* (e) by (f). | (g) | $ |
| *Divide* (g) by 365. | (h) | $ |
| *Divide* (h) by 2. | (i) | $ |

| **YOUR EXEMPTION AMOUNT** | | |
|---|---|---|
| *Add* (d) to (i) to get your exemption amount. | (j) | $ |

The amount of Medicare levy you pay, if any, is your basic levy at step 1 less any exemption amount at (j).

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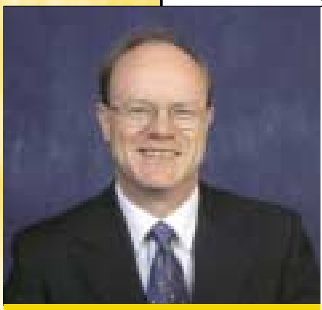
# Commissioner's *guarantee*



Michael Carmody
**COMMISSIONER OF TAXATION**

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

- As a *TaxPack 2001 for retirees* user you will not be expected to know more than we have presented to you in *TaxPack 2001 for retirees* and its related publications.
- We have made every effort, including consultation with tax professionals outside the Australian Taxation Office, to make sure that *TaxPack 2001 for retirees* 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 2001 for retirees* 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 2001 for retirees* properly when you prepare your tax return, you are not covered by these protections.

Michael Carmody

## USING *TAXPACK 2001 FOR RETIREES* 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 (25) which applies to **all** taxpayers
- be aware of the Index at the back of *TaxPack 2001 for retirees*—it can help you to find information that is relevant to your circumstances
- use the checklist on page 82 before you lodge your tax return.

*TaxPack 2001 for retirees* has been prepared to help you complete your tax return correctly—see **Self-assessment—it's your responsibility** on page 91.

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# Are you eligible to use *TaxPack 2001 for retirees*?

## You are eligible to use *TaxPack 2001 for retirees* to fill in your tax return if:

- you were an Australian resident for tax purposes from 1 July 2000 to 30 June 2001 AND
- you had no dependants other than a spouse during the period 1 July 2000 to 30 June 2001 AND
- all of your tax affairs are covered by the questions in *TaxPack 2001 for retirees* as listed below.

**Note:** You cannot use *TaxPack 2001 for retirees* if any of the questions listed on the next page apply to you. You must use *TaxPack 2001* and/or *TaxPack 2001 supplement*.

## What's in *TaxPack 2001 for retirees*

### Income

- Commonwealth of Australia government pensions and allowances
- Dividends—**NOT** including distributions made by a corporate limited partnership and deemed dividends from a private company
- Foreign source pension or annuity income
- Gross interest
- Other Australian pensions or annuities—including superannuation pensions
- Salary, wages, allowances, earnings etc.
- Total reportable fringe benefits amounts

### Deductions

- Cost of managing tax affairs
- Deductible amount of undeducted purchase price (UPP) of an Australian pension or annuity
- Deductible amount of undeducted purchase price (UPP) of a foreign pension or annuity
- Financial Institutions Duty and subscriptions
- Gifts or donations
- Interest and dividend deductions

### Tax offsets

- Low income aged person
- Spouse—married or de facto
- Superannuation annuity and pension
- 30% private health insurance
- 20% tax offset on net medical expenses over $1250

### Private health insurance policy details

### Medicare levy related items

- Medicare levy reduction or exemption
- Medicare levy surcharge—this question is compulsory for all taxpayers

**Important:** If you plan to claim your family tax benefit (FTB) through the tax system you should use *TaxPack 2001*.

## Are you an Australian resident?

Generally, the Australian Tax Office (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.

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.

## If you cannot use *TaxPack 2001 for retirees*, which *TaxPack* should you use?

If any of the questions on this page apply to you, you cannot use *TaxPack 2001 for retirees*—use *TaxPack 2001.* If any of the questions in the right-hand column apply, you must use both *TaxPack 2001* and *TaxPack 2001 supplement*.

# What's in *TaxPack 2001*

### Income

- Attributed personal services income
- Commonwealth of Australia government allowances and payments like Newstart, youth allowance and austudy payment
- Dividends—distributions received from a corporate limited partnership and deemed dividends from a private company
- Eligible termination payments
- Lump sum payments

### Deductions

- Work related car expenses
- Work related self-education expenses
- Work related travel expenses
- Work related uniform, occupation specific or protective clothing, laundry and dry cleaning expenses
- Other work related expenses (Financial Institutions Duty and subscriptions are included in *TaxPack 2001 for retirees*)

### Losses

- Tax losses of earlier income years claimed this income year

### Tax offsets

- Spouse (without dependent child or student) child-housekeeper or housekeeper
- Superannuation contributions

### Adjustments

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

# What's in *TaxPack 2001 supplement*

### Income

- Bonuses from life insurance companies and friendly societies
- Capital gains or losses—for example, on disposal of assets*
- Deferred non-commercial business losses*
- Foreign entities
- Foreign source income, assets or property (foreign source pensions and annuities are included in *TaxPack 2001 for retirees*)
- Net farm management deposits or withdrawals
- Net income or loss from business*
- Partnerships and trusts
- Personal services income*
- Rent
- Other income—for example, royalties and lump sum payments in arrears

### Deductions

- Australian film industry incentives*
- Non-employer sponsored superannuation contributions—generally for the self-employed
- Other deductions—for example, foreign exchange losses and sickness and accident insurance premiums

### Tax offsets

- Landcare and water facility
- Parent, spouse's parent or invalid relative
- Superannuation contributions on behalf of your spouse
- Zone or overseas forces
- Other tax offsets—for example, heritage conservation work

### Credit for interest on tax paid

- 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.

## Do you want to lodge your tax return electronically?

If you want to lodge your tax return electronically you can use:

- *e-tax* and lodge your tax over the Internet (see page 7) or
- the ***TAXPACKEXPRESS*** service at a post office or at the office of a participating registered tax agent. **You cannot lodge your tax return through the *TAXPACKEXPRESS* service using *TaxPack 2001* for retirees.**

Australian Taxation Office

# 2001 non-lodgment advice

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

- you have previously sent us a tax return or non-lodgment advice, or a form or letter that told us that you do not need to lodge a tax return for all future years
- your only income was from a Commonwealth of Australia government pension, allowance or payment listed at question **1** on page 12. The agencies that pay these have provided information for us to determine that you do not need to lodge a tax return.

**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.

**Date of birth**

Day Month Year

**Your name**

Title—for example, Mr, Mrs, Ms, Miss

Surname or family name

Given names

**Your postal address**

Suburb or town

State

Postcode

Country if not Australia

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

NO

YES

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

Suburb or town

State

Postcode

Country if not Australia

**Your 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 I answered NO to all questions on page 4.

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

(please print)

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

Signature

Date

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

NAT 2586—6.2001

**Use the pre-addressed envelope provided with *TaxPack 2001 for retirees* to send your non-lodgment advice to the ATO by 31 October 2001. See page 90 for more details.**

CUT ALONG DOTTED LINE TO REMOVE

# Do you need to lodge a tax return?



To find out if you need to lodge a tax return for the 2000–01 income year (1 July 2000 to 30 June 2001), answer the following 10 questions.

**If you answer NO to ALL of the questions,** you do not need to lodge a tax return for 2000–01. However, you may need to send the non-lodgment advice on the next page to the Australian Taxation Office (ATO)—check the instructions on the top of the form.

**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 tax file number (TFN) to the investment body but do not need to lodge a tax return, you may be able to claim a refund of this imputation credit or amounts withheld without lodging a tax return. See page 6 for more information.

**If you answer YES to ANY question you will need to lodge a tax return.**

**If you answer YES to questions 8, 9 or 10, use *TaxPack 2001* and *TaxPack 2001 supplement*. You cannot complete your tax return using *TaxPack 2001 for retirees*.**

**1** **If you received a Commonwealth of Australia government pension, was your total assessable income more than the following threshold:**

(a) if you were single or widowed at any time during the year—$13 807*

(b) if you had a spouse—married or de facto—and either of you lived in a nursing home or you had to live apart due to illness—$13 807*

(c) if you lived with your spouse for the full year—$13 305.

YES ☐ NO ☐

*This is the low income threshold for Medicare levy exemption. If your income is more than this amount you may have to pay Medicare levy and you should lodge a tax return. However you will generally not pay income tax on assessable income up to $15 970 for (a) or $15 164 for (b).

Your assessable income, which means your total income from all sources before deductions, includes the amount shown as 'taxable' on your *PAYG payment summary—individual non business,* together with any other types of income, such as bank interest, dividends, foreign pension, part-time wages.

Any tax exempt payments have already been omitted from your 'taxable' amount.

**2** **If you did not receive a Commonwealth of Australia government pension, was your taxable income more than $6000?**

YES ☐ NO ☐

**3** **In 2000–01 did you have a reportable fringe benefits amount on your *PAYG payment summary—individual non business?***

YES ☐ NO ☐

**4** **In 2000–01 did you have an amount of tax withheld from income you received or earned or did you pay PAYG instalments?**

YES ☐ NO ☐

**5** **In 2000–01 were you required to lodge an activity statement under the Pay As You Go System and pay an instalment amount during the year, and that amount has not been fully refunded or credited to you?**

YES ☐ NO ☐

**6** **Are you entitled to a tax offset at question 21?**

YES ☐ NO ☐

**7** **Did you receive dividends or distributions exceeding $6000 AND you had imputation credits or amounts withheld because you did not quote your TFN to the investment body?**

YES ☐ NO ☐

**8** **Did you have any overseas income which was not a pension?**

YES ☐ NO ☐

**9** **Were you entitled to receive a distribution from a trust which carried on a business of primary production?**

Your trust fund can tell you this.

YES ☐ NO ☐

**10** **Did you carry on a business or have an interest in a partnership?**

YES ☐ NO ☐

**If you are looking after the estate of someone who died during 2000–01, consider the above questions 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 ATO. If a tax return is required see page 8 for more information.**

# Messages

## Shorter period of review

This year the Australian Taxation Office (ATO) has introduced a shorter period of review classification (reduced to 2 years), for individuals with simple tax affairs 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 keeping certain records (see pages 34 and 82) and for amending your assessments (see page 94).

## 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.

## 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. 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. To find out more, 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—these are 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 your 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.

## Imputation credit

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 need to lodge a tax return?** on page 4 —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 or ring the refund of imputation credits infoline on **13 6140**.

# What are your choices for doing your tax return?

## You can do it yourself

Use *TaxPack 2001 for retirees*. Just proceed through this guide and follow the instructions.

### Use *e-tax* and lodge your tax 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 2001 for retirees* 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 or Torres Strait Islander people and students.

See page 15 for more information.

**Registered tax agents**

Only a **registered** tax agent can prepare and lodge your tax return for a tax deductible fee. 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. Lists 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**.

### Important

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.

**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.

# 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 below is 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.

An example of how to complete the boxes is provided below.

## Your tax file number (TFN)

**If you already have a TFN,** you can find it on your last notice of assessment and on your payment summary from your employer or other payer.

**If you do not have these documents**, to find out your TFN ring the TFN 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 TFN 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.

## 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 4 in *TaxPack 2001 for retirees* 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.

**Your postal address**
**Print the address where you want your mail sent.**

32 BRIGHTON ST

Suburb or town: ANGUSTOWN

State: VIC Postcode: 3333 Country if not Australia:

**Has this address changed since completing your last tax return?**
Fill in the appropriate box then read on.

**NO** X **YES** ☐

## Electronic funds transfer (EFT)

### Direct refund

By using EFT the Australian Taxation Office (ATO) can deposit your tax refund 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, your refund will be sent to that account.

If you would like to use EFT *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) for your refund this year?** If you used EFT last year and the account details you provided are correct there is no need to provide them again. *Go to* page 10. Otherwise, *go to* step 1.

### Step 1

*Write* 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 fewer than 6 digits, check with the financial institution. Do not include spaces, dashes or hyphens in the BSB number.

### Step 2

*Write* 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.

### Step 3

*Print* 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.

If your name is *John Q Citizen,* you might have an account with the account name shown as *JQ Citizen* or *John Q and Mary Citizen* or another variation.

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

### 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 on **1800 802 308.**

INFORMATION

# You do not have to pay tax on this exempt income

Exempt income is not included in your assessable income. These payments are not shown as 'taxable' on your payment summary.

The most common types of exempt income are listed here.

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

## 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
- 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 **2**.

**Other payments**

- aged person savings bonus
- carer allowance paid under *the Social Security Act 1991*
- disaster relief payment
- lump sum pension bonus paid under the *Social Security Act 1991* or *the Veterans' Entitlements Act 1986*
- payments from the Commonwealth under the incentives payments scheme relating to certain private health insurance policies
- pensioner education supplement and fares allowance paid by Centrelink
- 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 *the Veterans' Entitlements Act 1986*
- Veterans' Affairs loss of earnings allowance

## Other exempt payments

- rent and mortgage relief scheme payments
- spouse maintenance 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.

# Question 1 COMMONWEALTH OF AUSTRALIA GOVERNMENT PENSIONS AND ALLOWANCES

**Did you receive a Commonwealth of Australia government:**
- **age pension**
- **age service pension**
- **invalidity service pension and you have reached age pension age**
- **partner service pension**
- **widow B pension**
- **bereavement allowance**
- **mature age allowance and you started to receive the allowance before 1 July 1996**
- **mature age partner allowance**
- **disability support pension and you have reached age pension age**
- **income support supplement**
- **wife pension**
- **carer payment?**

Show your income from these payments here unless your payment was exempt. Check page 10 if you are not sure.

Show Superannuation Act and Defence Forces Retirement Benefits Act pensions and payments at question **2**. Show foreign pensions at question **3**.

**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 are payments received
- employers are payers
- employees are payees.

**Question** **How do you know how much pension or allowance you received?**

**Answer** The government agency that paid you will provide you with a *PAYG payment summary—individual non business* or a letter giving details of your pension, allowance or payment. These show you the amount you received and whether tax was withheld. 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 or letters. *Write* the total amount of tax withheld at the left of **B** item **1** on your tax return. Do not show cents.

**Step 2** *Add up* all the taxable Commonwealth of Australia government pension or allowance income you received. *Write* the total amount at **B** item **1** on your tax return. Do not show cents.

**Step 3** *Work* through the TAX OFFSET CODE LETTERS table and *find* the tax offset code letter that applies to your circumstances. Your tax offset code letter tells us the amount of tax offset your entitlement will be based on. Tax offsets may reduce the amount of tax you have to pay.

**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 **1**:

| | |
|---|---|
| • 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 **1** 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 **1**, any exempt pensions listed on page 10 or any of the following social security allowances and payments:
  - 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, AND
- these conditions have applied continuously since then **S**

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

If only one code letter applies to you go to step 4.

**Question** **What if more than one code letter in the TAX OFFSET CODE LETTERS table applies to you?**

**Answer** If more than one code letter applies to you:

- 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**.

**Step 4** *Print* your code letter in the **TAX OFFSET CODE** box at the right of **B** item **1** on your tax return.

If you do not print a code letter at item **1** or you print an incorrect code letter, processing of your tax return may be delayed.

If you have used code letter **S** *go to* step 6.

**Step 5** If you used any of the following code letters **P**, **Q**, **I** or **J** 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 10 *complete* **Spouse details—married or de facto** on page 5 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, shown 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**'

You must also complete **Your spouse's name** on page 1 of your tax return.

If both you and your spouse—married or de facto—received any of the Commonwealth of Australia government pensions or allowances shown at this question—or you received such a pension and your spouse received any exempt pensions listed on page 10—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.

**Step 6** *Attach* your tax return copy of all payment summaries and letters giving details of your pension or allowance to page 3 of your tax return.

**Example**

Ian is married, lives with his wife and both receive an age pension in addition to other income. In 2000–01 Ian received a pension of $6200—he did not have any tax withheld.

Ian fills in item **1** on his tax return like this:

**1** **Commonwealth of Australia government pensions and allowances**

If you had a spouse during 2000–01 complete **Spouse details—married or de facto** on page 5.

Tax withheld: ,  .00

Income—do not show cents: **B** 6,200.00 — TAX OFFSET CODE: P

You may be able to get a tax offset if you have income at item **1**. To get a tax offset, write your correct tax offset code letter here.

**Question** **Do you want to work out your tax offset?**

**Answer** 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 86.

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 or 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 2001 for retirees* 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 OTHER AUSTRALIAN PENSIONS OR ANNUITIES

## Did you receive income from an Australian annuity or from a superannuation or other pension not listed at question 1?

Show age, service or other Commonwealth of Australia government pensions or allowances at question **1**. Show pensions or annuities paid from overseas at question **3**. Exempt pensions as listed on page 10 are not taxable and should not be shown on your tax return.

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

**Australian pensions and annuities include:**

- superannuation and similar pensions and annuities paid to you by an Australian superannuation fund, retirement savings account (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—for example, Comsuper, Qsuper, VicSuper and other equivalent State superannuation funds.

The company, superannuation fund or RSA provider that pays your pension will give you a *PAYG payment summary—individual non business* or statement showing how much you were paid and the tax withheld.

If you have not received your payment summary or statement, or you have lost it, contact your payer to obtain a copy.

**Note:** Superannuation funds and RSA providers can use tax file numbers (TFNs) to keep track of superannuation benefits. If you have not given your TFN to your fund or RSA provider a greater rate of tax may be withheld from your benefit. You can ring or write to your fund or RSA provider and quote your TFN.

### Completing this question

**Step 1** *Print* the type of pension or annuity —for example, 'superannuation pension' or 'annuity'—in the **Type** box at item **2** 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 **2**. Do not include amounts already shown at item **1**.

**Step 3** *Add up* all the gross amounts shown on your payment summaries and statements and *write* the total amount at **J** item **2**. Do not show cents.

**Step 4** *Attach* your tax return copy of all payment summaries and statements to page 3 of your tax return.

**Example**

Peta received a yearly pension of $11 000 from the Auld Lang Syne pension scheme. Auld Lang Syne withheld $1307.00 in tax from Peta's pension.

Peta fills in item **2** on her tax return like this:

| | | | |
|---|---|---|---|
| **2** **Other Australian pensions or annuities—including superannuation pensions** | | Tax withheld | |
| Type | SUPERANNUATION PENSION | 1,307·00 | **J** 11,000·00 |

**Undeducted purchase price**

If your pension or annuity has an undeducted purchase price, you may be able to reduce the amount of pension or annuity income on which you must pay tax by claiming a deduction at item **13** on your tax return.

*Read* the information on pages 42–4 to find out more about the undeducted purchase price.

**Low income aged person tax offset**

You may be entitled to a low income aged person tax offset.
*Read* question **19** on pages 55–7 to find out more about this tax offset.

**Superannuation tax offset**

You may be entitled to a tax offset for your pension or annuity.
*Read* question **20** on pages 58–60 to find out more about this tax offset.

# Question 3 FOREIGN SOURCE PENSION OR ANNUITY



## Did you receive income from a foreign pension or annuity?

If you received in 2000–01:

- any foreign income other than a foreign pension or annuity or
- a foreign pension or annuity from which tax has been taken and for which you want to claim a foreign tax credit or
- a lump sum foreign pension payment for an earlier year

use *TaxPack 2001* and *TaxPack 2001 supplement.* **You cannot complete your tax return using *TaxPack 2001 for retirees*.**

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

Most foreign pensions and annuities are taxable in Australia, even if tax has been taken from your payment by the country that paid you. If you are unsure whether your pension or annuity is taxable in Australia ring the Personal Tax Infoline on the inside back cover.

**Note:** If the country paying your pension or annuity has taken tax from your payment, and the pension or annuity is also taxable in Australia, you may claim a foreign tax credit using *TaxPack 2001 supplement* where you are not entitled to seek a refund of the foreign tax paid from the country that paid you. This refund may follow under the terms of an agreement between Australia and that country to prevent double taxation.

If you are unsure whether your pension or annuity is subject to an agreement ring the Personal Tax Infoline on the inside back cover.

**Question** Do you need to convert your foreign pension or annuity to Australian dollars?

**Answer** All of your foreign pension or annuity income must be converted to Australian dollars. The easiest way to do this is to add up all the converted payments shown in your passbook or bank statement.

If you are unable to do this, you can use either of the following methods to convert your pension or annuity amount into Australian dollars:

- use the average exchange rate for the year the pension or annuity was paid OR
- use the exchange rate that applied at the time you received each payment. To find out the correct exchange rates, ring the Personal Tax Infoline on the inside back cover.

## Completing this question

**Step 1** You must *add back* the amount of foreign tax paid, if any, to the amount of pension or annuity you received. *Write* this gross amount of foreign pension or annuity you received at **E** item **3** on your tax return. Do not show cents.

**Step 2** *Take away* the amount of any deductible expenses you incurred in relation to your gross foreign pension or annuity. The amount remaining is called your net taxable foreign pension or annuity.

Do not take away any deductible amount of undeducted purchase price (UPP). If your pension or annuity has a deductible amount of UPP, you may be able to reduce the amount of pension or annuity that you will pay tax on. Read page 42 and question **14** on pages 46–7 for further information.

**Foreign pension or annuity WITHOUT an undeducted purchase price**

**Step 3** *Write* the amount of your net taxable foreign pension or annuity without a UPP at **L** item **3**. Do not show cents. Your tax return will already have the correct code printed in the code box at item **3**.

**Example 1**

Liz receives a foreign pension. She had no deductible expenses in relation to this pension and her pension has no UPP entitlement. Each month's payments were converted into Australian dollars and paid into her bank account. To work out how much overseas pension she received, Liz adds up the amounts paid in each month and finds they total $5675.

Liz fills in item **3** on her tax return like this:

**3 Foreign source pension or annuity income**

| | | | |
|---|---|---|---|
| Assessable foreign source income | **E** 5,675.00 | Net foreign pension or annuity income WITHOUT an undeducted purchase price | **L** 5,675.00 P |
| | | Net foreign pension or annuity income WITH an undeducted purchase price | **D** ,.00 |

**Foreign pension or annuity WITH an undeducted purchase price (UPP)**

**Step 4** *Write* the amount of your net taxable foreign pension or annuity with a UPP at **D** item **3**. Do not show cents.

**Example 2**

Mario receives an Italian pension and incurred no deductible expenses. He has converted his pension income into Australian dollars, which totals $6730. Mario is also entitled to claim a UPP deduction at question **14**.

Mario fills in item **3** on his tax return like this:

**3 Foreign source pension or annuity income**

| | | |
|---|---|---|
| Assessable foreign source income | **E** | 6,730.00 |
| Net foreign pension or annuity income WITHOUT an undeducted purchase price | **L** | ,.00 P |
| Net foreign pension or annuity income WITH an undeducted purchase price | **D** | 6,730.00 |

# Question 4 SALARY, WAGES, ALLOWANCES, EARNINGS etc.

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

- **payments for salary, wages, commissions, bonuses etc., including income earned from part-time and casual jobs**
- **allowances**
- **tips, gratuities and payments for your services**
- **consultation fees and payments for voluntary services?**

Do not show amounts on any payment summary other than the *PAYG payment summary—individual non business*. You will need to use *TaxPack 2001* if you receive other payment summaries.

If you wish to claim any work related expenses, other than Financial Institutions Duty charged on your earnings when deposited into a bank, building society or credit union account, use *TaxPack 2001*. **You cannot complete your tax return using *TaxPack 2001 for retirees*.**

Show Commonwealth of Australia government pensions, allowances and payments at question **1**. Show other Australian pensions or annuities at question **2**. Show total reportable fringe benefits amounts at question **6**.

**NO** ☐ ▶ Go to question **5**. **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 are payments received
- employers are payers
- employees are payees.

**Question** **Was tax withheld from your payments of salary or wages, allowances or other earnings?**

**Answer** If you had tax withheld from your payments of salary or wages, allowances or other earnings during 2000–01 your payer will send you a payment summary which shows you how much income you earned and the amount of tax you had withheld from your earnings.

**Late, lost or wrong payment summaries**

If your payer has not sent your payment summary to you, if the details on it are wrong or you have lost it, contact the payer and ask them for the original documents, a signed copy or a letter showing the correct details.

If your payer is unable to provide you with these documents, 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 on your tax return such as the period or periods of employment covered by your missing documents, the amounts of tax withheld and the amount of gross payments of salary or wages you earned.

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

**Note:** If you lodge your tax return without a payment summary 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** *Write* the total amount of tax withheld from payments of salary or wages, allowances or other earnings at the left of **C** item **4** on your tax return.

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

**Step 2** *Add up* all your gross payments of salary or wages, allowances or other earnings. Do not include amounts already shown on your tax return.

Include all allowances and earnings you received, whether or not they are shown on a payment summary.

**Step 3** *Write* the total at **C** item **4**. Do not show cents.

**Step 4** *Attach* to page 3 of your tax return the payee's tax return copy of **all** your payment summaries, statutory declarations, letters or statements from your payers.

**Example**

Li worked part time in her daughter's cake and pastry shop, earned $1200 and had $300 tax withheld. She also volunteered to do the books of her grandson's pre-school for $150, based on $15 per hour. No tax was withheld from this payment.

Li fills in her tax return like this:

| | | Tax withheld | | |
|---|---|---|---|---|
| 4 | **Salary, wages, allowances, earnings etc.** | 300.00 | C | 1,350.~~00~~ |

# Question 5 TOTAL TAX WITHHELD

## Completing this item

*Add up* all the amounts in the tax withheld boxes at items **1**, **2** and **4** on your tax return.

*Write* the total amount at **$** item **5 TOTAL TAX WITHHELD** on your tax return.
*Go to* question **6**.

| | | | |
|---|---|---|---|
| 5 | TOTAL TAX WITHHELD | Tax withheld $ , .00 | Add up all the amounts in the tax withheld column—items 1, 2 and 4. |

# Question 6 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 **7**. **YES** ☐ ▼ Read below.

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 a 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.

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

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
- Higher Education Contribution Scheme repayments
- certain government benefits.

## 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 **6** on your tax return. Do not show cents.

# Question 7 GROSS INTEREST

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

You need to include all the interest you received from:

- interest bearing accounts with banks, credit unions and building societies, such as savings and passbook accounts and cheque accounts
- term deposits or fixed deposits.

Include any interest you received from, or were credited with, by the Australian Taxation Office (ATO). If you received, or are entitled to receive, distributions or interest from a partnership or trust—including a cash management, money market, mortgage, property, unit or any similar trust investment product—use *TaxPack 2001* and *TaxPack 2001 supplement*. **You cannot complete your tax return using *TaxPack 2001 for retirees*.**

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

### Deemed interest

The ATO is only concerned with the interest you actually received or were credited with, not what Centrelink or the Department of Veterans' Affairs deem you to have received from your investments.

### Children's and grandchildren's accounts

If you open or operate an account for a child or grandchild 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.

## Completing this question

**Step 1** *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 was less than $1.

Remember to show only your share of any interest from joint accounts. Joint account interest is generally split equally between account holders. If it is not, 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 to the institution. They will be shown in your passbook, statements or other financial records as Commonwealth tax or TFN withholding tax.

Do not deduct from your interest amount account keeping fees, charges and Financial Institutions Duty. You may be able to claim these at item **11**.

**Step 2** *Write* your gross interest at **L** item **7** 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 statements or passbooks from banks or other financial institutions.

**Step 4** *Write* the answer from step 3 at **M** item **7**. **Remember to show cents.** This amount will be credited to you on your notice of assessment.

**Example**

Leo's account was credited with $254 interest from the XYZ bank. Leo and his wife Sophia have a joint account at the STU bank which credited the account with $120 interest. Leo only has to show half of this on his tax return.

Leo also opened an account at the Piggy bank for his granddaughter Alexandra. This account was credited with $40 interest. Leo often uses the money in Alexandra's account to help pay unexpected expenses. Because Leo is using the money in Alexandra's account as if it belongs to him, he must include the interest from Alexandra's account on his tax return.

Leo has given his TFN to each of the banks.

Leo calculates his bank interest like this:

| *Bank* | *Interest credited* |
|---|---|
| XYZ | $254 |
| STU | $ 60—half of the interest credited to the joint account |
| Piggy | $ 40 |
| **Total interest** | **$354** |

Leo fills in item **7** on his tax return like this:

**7 Gross interest**

Gross interest **L** 354.00

Tax file number amounts **M** ,  .

# Question 8 DIVIDENDS

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

If you:
- sold shares during the year or
- received, or are entitled to receive, dividends that are part of a distribution from a partnership or trust—including a cash management, money market, mortgage, property, unit or similar trust investment product or
- received distributions from a corporate limited partnership or
- received deemed dividends from a private company or
- received dividends from a foreign company

use *TaxPack 2001* and *TaxPack 2001 supplement*. **You cannot complete your tax return using *TaxPack 2001 for retirees*.**

Do not claim dividend expenses here. Claim them at item **11**.

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

**Question** What do you need to show at this question?

**Answer** 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.

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 1**

Jan 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. Jan 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.

### 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 tax offset amount is left over after that, you will be refunded that amount.

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 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.

**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—ring the Personal Tax Infoline on the inside back cover for more information.

If any of these measures are likely to affect you read the publication *You and your shares* (NAT 2632—6.2001). To find out how to get this publication, see the inside back cover.

**Question** **What are unfranked dividends?**

**Answer** 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 **8** on your tax return.

**Question** **What are franked dividends?**

**Answer** Franked dividends are said to carry imputation credits, a credit for the tax paid by the company. 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.

If you received a franked dividend from a resident company you must include the dividend amount in your assessable income at T item **8**.

You must also include any imputation credits in your assessable income at U item **8**, so the correct amount of tax and Medicare levy can be calculated. The imputation credits will be automatically allowed as a tax offset to reduce your tax or refunded to you where your franking tax offset entitlement exceeds your tax liability. However, you do not include any imputation credit at U item **8** if you are not a qualified person because of the application of the holding period rule or the related payments rule or a breach of the small shareholder exemption.

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

**Question** **What if you have not quoted your tax file number (TFN) to the investment body and you receive an unfranked dividend?**

**Answer** If you did not quote your TFN to your investment body for shares or units held, tax may have been withheld from any unfranked dividends at the highest 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 **8**.

If you have received a refund of some or all of the TFN amounts withheld, you cannot claim a credit for these amounts.

The company, corporate unit trust or public trading trust that paid you the dividends or made the distributions will provide you with a statement.

The statement will show:

- the amount of unfranked and franked dividends you received
- the amount of imputation credit
- the amount of tax withheld—called TFN amounts withheld—from unfranked dividends.

If you have not received your dividend or distribution statements, contact the company, corporate unit trust or public trading trust 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. *Write* the total amount at S item **8** on your tax return. Do not show cents.

**Step 2** *Add up* all franked dividend amounts on your statements. *Write* the total amount at T item **8**. Do not show cents.

**Step 3** *Add up* all allowable imputation credit amounts on your statements—do not include any imputation credits for which you are not entitled to 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. *Write* the total amount at U item **8**. Do not show cents.

**Step 4** *Add up* any TFN amounts which were withheld but have not been refunded to you. *Write* the total amount at V item **8**. Remember to show cents. This amount will appear as a credit on your notice of assessment.

**Example 2**

Andrew received dividends from CDE Ltd. His dividend statement showed $66 fully franked dividend and $34 imputation credit.

Andrew also received dividends from YYH Ltd. His dividend statement showed $120 unfranked dividend.

Andrew also received dividends from HPT Ltd. He did not give the company his tax file number (TFN) and so his entitlement of $100 unfranked dividend had $48.50 withheld in TFN withholding tax.

On his working papers, Vincent adds up his income like this:

| | *Unfranked* | *Franked* | *Imputation credits* | *TFN amounts withheld* |
|---|---|---|---|---|
| CDE Ltd | | $66 | $34 | |
| YYH Ltd | $120 | | | |
| HPT Ltd | $100 | | | $48.50 |
| **Total** | S **$220** | T **$66** | U **$34** | V **$48.50** |

The unfranked amount includes both the amount received or credited and the TFN amount withheld.

Andrew fills in item **8** on his tax return like this:

| | | | |
|---|---|---|---|
| **8 Dividends** | | Unfranked amount **S** | 220.~~00~~ |
| | | Franked amount **T** | 66.~~00~~ |
| Tax file number amounts **V** | 48.50 | Imputation credit **U** | 34.~~00~~ |

## 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. If you need more information on record keeping and the assets that attract capital gains tax these are explained in the *Guide to capital gains tax* (NAT 4151—5.2001) and the publication *CGT asset register* (NAT 2684—7.98).

# Question 9 TOTAL INCOME

## Completing this item

You have now reached the end of the Income section.

Before adding up your amounts from items **1** to **8**, please note the following.

- The more common types of exempt income are listed on page 10.
- If you have not been able to complete one or more of items 1 to 8 because you do not have all the documents you need to work out the right amount, do not complete this section yet.

  If you have not received your *PAYG payment summary—individual non business*, financial or dividend statement, if the details on it are wrong or you have lost it, contact the payer, financial institution, company, corporate unit trust or public trading trust and ask them for the original documents, a signed copy or a letter showing the correct details.

  Remember that you have until **31 October 2001** to lodge your tax return. You should not lodge your tax return until it is complete. If you think you are likely to be missing information on 31 October, ask the Australian Taxation Office (ATO) if you can lodge at a later date. Page 90 tells you how.
- You must have shown all of your income for tax purposes—the *Taxpayer's declaration* on page 6 of your tax return will require you to sign that this is true. 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 your type of income is not shown in *TaxPack 2001 for retirees* you may need to use *TaxPack 2001* which is available from any newsagent or the ATO.

  See page 3 of *TaxPack 2001 for retirees* for what's in *TaxPack 2001* and *TaxPack 2001 supplement*. If you are in any doubt, ring the Personal Tax Infoline on the inside back cover.

If you plan to use a registered tax agent to prepare and lodge your tax return, make sure that you see them before 31 October 2001. Lists of registered agents can be found at **www.tabd.gov.au**.

## Completing this question

**Step 1** *Add up* all the income amounts in the right-hand column of items **1** to **8** on your tax return.

**Step 2** *Write* your answer from step 1 at item **9 TOTAL INCOME** on your tax return. Do not show cents.

### Important

Keep copies of your tax return, all attachments and relevant papers for your own records. Unless you are subject to a shorter period of review—see page 6—you are required to keep written evidence for 5 years after the end of the income year.

If you are subject to a shorter period of review you need to keep these records:

- 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.

# Question 10 FINANCIAL INSTITUTIONS DUTY AND SUBSCRIPTIONS



**Did you have:**

- **Financial Institutions Duty (FID) charged on pension or payment income, salary, wages or allowance deposited into your bank, building society or credit union account**
- **expenses for subscriptions to associations representing pensioners or self-funded retirees**
- **expenses for subscriptions to trade, business or professional associations?**

If you have any of the following work related expenses: car, travel, clothing, laundry, self-education, books, journals and trade magazines, tools and equipment, computers and software, telephone and home office expenses or other work related expenses use *TaxPack 2001*. **You cannot complete your tax return using *TaxPack 2001 for retirees*.**

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

### Financial Institutions Duty

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, pensions, allowances, salary or wages.

FID charged in relation to assessable interest or dividend income being deposited into your bank, building society or credit union account can be claimed at question **11**. Do not claim here.

You can only claim your share of FID 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 charged on the account.

### Subscriptions to associations

You can claim as a deduction the full payment you make for membership of a trade, business or professional association that is directly related to the earning of your assessable income. You can also claim in full any government duty tax (GDT) or debits tax charged on the payment.

You can claim up to $42 per annum in respect of each subscription you make for membership of a trade, business or professional association that is not directly related to the earning of your assessable income.

## 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 **10** on your tax return. Do not show cents.

**Example**

Marcus is a retired teacher and receives income from a superannuation pension and investments. His pension is paid into his bank account each fortnight. At the end of the financial year, Marcus adds up the amount of Financial Institutions Duty (FID) charged against the pension payments deposited in his account. The total amount of FID charged is $11. He can claim a deduction for this amount.

Marcus also pays an annual subscription of $55 to a retired teachers' association. The association publishes a monthly newsletter to keep members up to date on changes to accounting standards and to tell them about other issues of interest. Because the subscription is not directly related to the earning of his assessable income, Marcus can only claim a deduction of $42 for the subscription.

Marcus fills in item **10** on his tax return like this:

| | |
|---|---|
| **10** **Financial Institutions Duty and subscriptions** | Deductions—do not show cents<br>**E** 53.~~00~~ |

# Question 11

## INTEREST AND DIVIDEND DEDUCTIONS



**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**
- **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.

**NO** ☐ ▶ Go to question **12**. **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 passbook.

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—if the payments are for deductible expenses which can be 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.

## Completing this question

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

**Step 2** *Write* the total amount at **I** item **11** on your tax return. Do not show cents.

**Example**

Tim has 3 investment accounts with the ABC bank. He checks his statements and adds up the government duty tax he has been charged on debits made for a deductible purpose—such as amounts paid for advice relating to changes in the mix of investments. The government duty tax adds up to $23.

Tim fills in item **11** on his tax return like this:

| | | |
|---|---|---|
| **11** | **Interest and dividend deductions** | **I** , 2 3 .00 |

# Question 12 GIFTS OR DONATIONS

**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 (ATO) has endorsed as a deductible gift recipient or to an organisation listed by name in the tax laws as gift deductible, or**

- **a registered political party**

**or did you make an approved cultural bequest?**

**NO** ☐ ▶ Read the information on pages **42–4**. **YES** ☐ ▼ Read below.

**What you can claim**

You cannot claim a deduction for a donation if you received something for it—for example, a pen or a raffle ticket.

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.

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.

Under the general gift provisions—with the exception of gifts of property made under the Cultural Gifts Program, and donations to environmental and heritage organisations—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 the donation. This means that you cannot claim for property if you did not purchase it—for example, if 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 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 **(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 **(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* the amounts of your eligible gifts and donations and write the total at **J** item **12** on your tax return. Do not show cents.

**Example**

Abdul donated $5 to the Red Cross and was given a receipt. He gave $10 to the Royal Blind Society and in return received a pocket diary. Abdul can claim only the $5 donation to the Red Cross.

Abdul fills in item **12** on his tax return like this:

**12 Gifts or donations** J , 5 .00

## INFORMATION

### Did you show income at item 2 or item 3 on your tax return?

**NO** ☐ ▶ Go to question **15**. **YES** ☐ ▼ Read below.

If you showed income at items **2** or **3** on your tax return, you may be able to reduce the amount of pension or annuity income on which you must pay tax. If your pension or annuity has a deductible amount of undeducted purchase price (UPP), you can claim a deduction at items **13** or **14**.

**Question** What does UPP mean?

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

Pensions from Centrelink and the Department of Veterans' Affairs do not have a deductible amount.

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.

If you know the deductible amount of your Australian pension or annuity, *complete* question **13**.

If you do not know the deductible amount, *go to* **What if you do not know the UPP of your Australian pension or annuity?** on the next page.

If you know the deductible amount of your foreign pension or annuity, *complete* question **14**. If you have a category **A** or **B** pension from the British National Insurance Scheme; an old age, widows, widowers or orphans pension paid from the Sociale Verzekeringbank (SVB) under the Netherlands Social Insurance system; or an Italian pension, *complete* question **14**.

If you do not know the deductible amount of your foreign pension, ring the superannuation helpline on **13 1020**.

**Question** **What if you do not know the undeducted purchase price (UPP) of your Australian pension or annuity?**

**Answer** 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.

If you cannot find these documents or your deductible amount is not shown, contact your pension provider. If they are unable to help you, the Australian Taxation Office (ATO) will work it out for you.

All you need to do is *attach* a SCHEDULE OF ADDITIONAL INFORMATION statement to your tax return.

**Completing a schedule of additional information**

*Print* SCHEDULE OF ADDITIONAL INFORMATION—QUESTION 13 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. (Your pension provider can give you this information if you do not already have it.)
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? Ask your superannuation provider for this figure.
   (b) For what part of this amount did you not get a tax deduction?
   (c) Have you rolled over any capital gains tax (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 contributions received—such as some government funds—or your superannuation pension commenced before 1 July 1994, what amounts did you 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 ATO 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? Examples are: undeducted contributions, CGT exempt amounts, concessional components, invalidity components, pre-July 1983 or post-June 1983 components. (Your pension or annuity provider can give you this information.)
   (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 above, 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* on page 6 of your tax return. *Sign* and *attach* your schedule to page 3 of your tax return.

# Question 13 DEDUCTIBLE AMOUNT OF UPP OF AN AUSTRALIAN PENSION OR ANNUITY



## Are you able to claim a deductible amount of undeducted purchase price (UPP) of your Australian pension or annuity?

You cannot claim a deductible amount of UPP for any Commonwealth of Australia government pensions. These pensions include those shown at question **1**.

If you showed income from an Australian pension or annuity at item **2** on your tax return, you may be able to reduce the amount of income on which you must pay tax if your pension or annuity has a UPP.

**NO** ☐ ▶ Go to question **14**. **YES** ☐ ▼ Read below.

## Completing this question

Before completing this question you must read the information on pages 42–4.

*Write* the deductible amount of your UPP at **L** item **13** on your tax return. Do not show cents. This cannot be more than the pension or annuity to which it relates that you showed at item **2**.

If you had more than one Australian pension, *write* the total of all the deductible amounts of your UPP at **L** item **13**.

**Example**

Pedro receives a lifelong State superannuation pension. Last year he sent in a SCHEDULE OF ADDITIONAL INFORMATION with his tax return. The Australian Taxation Office advised that the deductible amount of his UPP for a whole year was $732. Provided he receives a pension for the whole year, he can claim this amount every year as a UPP deduction.

Pedro fills in item **13** on his tax return like this:

| | | |
|---|---|---|
| **13** | **Deductible amount of undeducted purchase price (UPP) of an Australian pension or annuity** | **L** ,732.~~00~~ |

# Question 14 DEDUCTIBLE AMOUNT OF UPP OF A FOREIGN PENSION OR ANNUITY

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

**NO** ☐ ▶ Go to question **15**. **YES** ☐ ▼ Read below.

If you showed income from a foreign pension or annuity at item **3** on your tax return, you may be able to reduce the amount of income on which you must pay tax if your pension or annuity has a UPP. Only some foreign pensions and annuities have a UPP.

Before completing this question you must read the information on pages 42–4.

**Note:** If you are claiming a deduction at this question check that you have shown your foreign source pension or annuity income at D item **3** on your tax return.

**Question** **Can you claim a deduction for the UPP of your foreign pension?**

**Answer** You may be entitled to claim a deduction for the UPP of your foreign pension if you personally made payments into your superannuation scheme.

If you do not know the amount of UPP you are entitled to deduct, ring the superannuation helpline on **13 1020**.

**Question** **Did you receive a British pension?**

**Answer** If you received a category A or category B pension from the British National Insurance Scheme (BNIS), you are entitled to a UPP deduction. One method of calculating your UPP deduction is to multiply your BNIS pension (in Australian dollars) by 8 per cent. This method is accepted by the Commissioner of Taxation and generally results in the maximum deduction you are entitled to.

However, there is another method—the exact method. If you wish to find out about this method or you receive another type of British pension and you are not sure about a UPP entitlement, ring the superannuation helpline on **13 1020**.

**Question** **Did you receive an old age, widows, widowers or orphans pension paid from the Sociale Verzekeringbank (SVB) under the Netherlands social insurance system?**

**Answer** If you received one of these pensions you can claim a UPP deduction.
If you can obtain all the necessary information to determine your UPP, claim the percentage you have worked out. If you cannot, you can claim an annual UPP deduction equal to 25 per cent of your gross pension payment.

**Question** **Did you receive an Italian pension?**

**Answer** If you received an Italian pension and have made payments to the pension scheme, you can claim a UPP deduction.

Each calendar year, the Italian authorities will send you an *Article 17* letter. This letter gives you an estimate of the amount of pension you will receive and the amount that you have contributed towards your pension.

If you are unable to work out your UPP deduction, *attach* a photocopy of your 2000 and 2001 *Article 17* letters to page 3 of your tax return and *print* **X** in the **YES** box at *Taxpayer's declaration* on page 6. We will work it out for you.

**Question** **Did you receive a pension from another country?**

**Answer** If you think you are entitled to claim a UPP deduction for a foreign pension, other than a British, Dutch or Italian pension, ring the superannuation helpline on **13 1020**.

## Completing this question

*Write* the deductible amount of your UPP at **Y** item **14** on your tax return. Do not show cents.

**Example**

Mary received a British National Insurance Scheme category A pension of $6700. Mary can work out how much UPP deduction she can claim by multiplying her pension by 8 per cent.

$$\$6700 \quad \times \quad \frac{8}{100} \quad = \quad \$536$$

Mary fills in item **14** on her tax return like this:

**14** **Deductible amount of undeducted purchase price (UPP) of a foreign pension or annuity** **Y** 536.00

# Question 15

## COST OF MANAGING TAX AFFAIRS



**Did you have expenses:**
- **relating to managing your own tax affairs**
- **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 question **16**. **YES** ☐ ▼ Read below.

**Question** What expenses can you claim?

**Answer** **Expenses incurred in managing your own tax affairs include:**
- preparing and lodging your tax return and activity statements—for example:
  - buying tax reference material
  - obtaining advice from a registered tax agent, barrister or solicitor
  - dealing with the ATO about your tax affairs
  - 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 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
- supplying 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 **15** on your tax return. Do not show cents.

**Example**

Lal made an appointment with a tax agent to get help with filling in his 1999–2000 tax return. The tax agent charged $100. Lal can claim the tax agent's fee at this question.

Lal fills in item **15** on his tax return like this:

| | | |
|---|---|---|
| 15 | Cost of managing tax affairs | M ,100·00 |

# Question 16 TOTAL DEDUCTIONS

**Did you claim any deductions at items 10 to 15?**

**NO** ☐ ▶ Go to question **17**. **YES** ☐ ▼ Read below.

**Step 1** *Add up* all the amounts in items **10** to **15** on your tax return.

**Step 2** *Write* the total amount at item **16 TOTAL DEDUCTIONS.** Do not show cents. *Go to* question **17**.





# Question 17 TAXABLE INCOME

**Completing this item**

**Step 1** If you did not have any deductions, *write* your total income amount from item **9** at item **17** on your tax return.

**Step 2** If you had deductions, *take away* your total deductions amount at item **16** from the total income amount at item **9**. This will give you your taxable income.

**Step 3** *Write* your answer at item **17 TAXABLE INCOME**. Do not show cents.

**Question** **Are you eligible for the low income tax offset?**

**Answer** If 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.

You do not have to work out your tax offset. We will work it out for you from your taxable income details. The tax offset will be shown on your notice of assessment. If you want to work out your tax offset, go to page 86. **Do not write anything about this tax offset on your tax return.**

# Question 18 SPOUSE



## Did you have a spouse—married or de facto?

If you maintained a child or a student use *TaxPack 2001*. **You cannot complete your tax return using *TaxPack 2001 for retirees*.**

**NO** ☐ ▶ Go to question **19**. **YES** ☐ ▼ Read below.

**Question** Can you claim a dependent spouse tax offset?

**Answer** You can claim a dependent spouse tax offset if you and your spouse—married or de facto—were Australian residents for tax purposes and you maintained your spouse for all or part of the income year. Maintained means that:

- you and your spouse lived together or
- you helped your spouse to pay living, medical, food and clothing expenses.

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 your spouse even if you were temporarily separated—for example, due to holidays. You are still considered to have maintained your spouse if they were away from Australia for a short time.

The full spouse tax offset is $1365. You can only claim the full spouse tax offset if your spouse's separate net income was $282 or less for the year.

You can claim a part of the spouse tax offset if you and your spouse lived together for the whole year and your spouse's separate net income was not more than $5741.

The tax offset is reduced by $1 for every $4 of your spouse's separate net income over $282.

If you are claiming the spouse tax offset you need to complete **Spouse details—married or de facto** on page 5 of your tax return. You must also complete **Your spouse's name** on page 1 of your tax return.

**Question** What is separate net income?

**Answer** Separate net income is income and other specified amounts earned or received in 2000–01 by your spouse while you maintained them. It includes salary or wages, interest and dividend income, pensions (including exempt pensions listed on page 10), Veterans' Affairs and most Centrelink payments and amounts included as assessable income under the capital gains tax provisions.

Separate net income also includes amounts on which tax is not payable. This includes some pensions, some scholarships and any maintenance payments your spouse received for their own support after divorce or separation.

Separate net income does not include:

- lump sum severance or retirement payments of a capital nature or as compensation payments for losing a job
- imputation credits attached to franked dividends
- 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
- aged person savings bonus
- self-funded retirees supplementary bonus.

Separate net income earned by your spouse may reduce any tax offset you are entitled to claim.

Your spouse's separate net income can be reduced by:

- any work related expenses your spouse incurred in 2000–01 even if they did not lodge a tax return
- any deductions your spouse could claim against interest and dividend income
- any amount your spouse could claim on their 2000–01 tax return for the deductible amount of undeducted purchase price of their pension or annuity.

Your spouse does not need written evidence to formally prove expenses which reduce their separate net income but they must be able to demonstrate that they actually incurred the relevant expenses.

Your spouse's separate net income cannot be reduced by amounts paid by them for gifts, donations, tax agents' fees, tax withheld, superannuation contributions, or any tax losses brought forward from 1999–2000 or earlier years.

**Part-year tax offset**

You may be entitled to claim a part-year tax offset if, during 2000–01, you and your spouse were Australian residents and:

- you married or entered into a de facto relationship
- you divorced or separated
- your spouse died.

Use the table following the example to work out your dependent spouse tax offset.

**Example**

John and Gladys are married and lived together for the whole year. Gladys received a part pension of $4062.

John can claim a spouse tax offset for Gladys as her total separate net income was not more than $5741.

John used the following calculation to work out the amount he can claim:

**HOW TO CLAIM YOUR DEPENDENT SPOUSE TAX OFFSET**

| | *Use these steps to work out your correct tax offset* | *John* | *You* |
|---|---|---|---|
| **Step 1** | *Write* your maximum allowable tax offset at (a). If you had a spouse for only part of the year, *multiply* the number of days you had a spouse by $3.74 a day. | $1365 for the whole year or $3.74 a day<br>(a) $1365 | (a) $ |
| **Step 2** | If your spouse's separate net income was less than $286, *write* the amount from (a) at (f) step 6, then *go to* step 7. Otherwise *go to* step 3. | | |
| **Step 3** | If your spouse's separate net income was $286 or more, *write* the amount at (b). | (b) $4062 | (b) $ |
| **Step 4** | Separate net income at which the tax offset begins to reduce. | (c) $282 | (c) $282 |
| | *Take* (c) away from (b). | (d) $3780 | (d) $ |
| **Step 5** | *Divide* (d) by 4.<br>If your amount includes cents, *write* at (e) only the whole dollar amount. | (e) $945 | (e) $ |
| **Step 6** | *Take* (e) from (a).<br>This is your allowable tax offset. You cannot claim a tax offset if the amount at (f) is equal to or less than '0'. | (f) $420 | (f) $ |
| **Step 7** | *Write* your allowable tax offset from (f) at **P** item **18** on your tax return. | | |

John fills in item **18** on his tax return like this:

**18 Spouse—married or de facto**

To claim the spouse tax offset you must also complete **Spouse details—married or de facto** on page 5.

Tax offsets—do not show cents

**P** , 4 2 0 .00

John also completes **Spouse details—married or de facto** and **Your spouse's name.**

# Question 19 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 **20**. **YES** ☐ ▼ 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 at least 10 years. 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.
- You must not have received a Commonwealth of Australia government pension, allowance or payment listed at question **1**.
- You must not have been in prison for the whole of 2000–01.
- You must 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. '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 87.

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.

If you had a spouse—married or de facto—you need to know their 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 a trustee is assessed under section 98.

## 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.

| TAX OFFSET CODE LETTERS | |
|---|---|
| If at any time during 2000–01, you were:<br>• single or widowed<br>• separated | <br>**A**<br>**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 the previous page | **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 the previous page | **E** |

**Question** **What if more than one code letter applies?**

**Answer** 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.

**Step 2** *Print* your code letter from the table above in the small box ☐ at the right of **N** item **19** on your tax return.

**Step 3** If you used **B, C, D** or **E** *complete* **Spouse details—married or de facto** on page 5 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. You must also complete **Your spouse's name** on page 1 of your tax return.

If you used **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 and make sure it comes off the amount of tax you have to pay.

**Example**

Jana is married to Boris. They live together and both of them are eligible for this tax offset. Neither has received any Commonwealth of Australia government pension, allowance or payment listed at question 1. They are both over age pension age and their combined taxable income is less than $44 070. Jana's taxable income is $15 000 and Boris' is $7300.

Jana fills in item **19** on her tax return like this:

| | | | |
|---|---|---|---|
| **19** **Low income aged person** | The ATO will work out this tax offset amount. Print your code letter in the tax offset code box. Read pages 55–7 in *TaxPack 2001 for retirees.* | **N** | TAX OFFSET D CODE |
| If you had a spouse during 2000–01 you must also complete **Spouse details—married or de facto** on page 5. | | | |

Jana completes **Spouse details—married or de facto** on page 5 of her tax return, so any tax offset that Boris does not use will be automatically transferred to Jana to reduce the amount of tax that she has to pay. She also completes **Your spouse's** name on page 1 of her tax return.

**How 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 want to work out your tax offset, *go to* page 86–7.

# Question 20 SUPERANNUATION ANNUITY AND PENSION TAX OFFSET



## Did you receive income from an Australian superannuation annuity or pension?

If you showed income from an Australian annuity or pension at item **2** on your tax return, you may be entitled to a tax offset equal to 15 per cent of all or part of your superannuation or pension income.

If you contributed to a superannuation fund or a retirement savings account during 2000–01 use *TaxPack 2001*. **You cannot complete your tax return using *TaxPack 2001 for retirees*.**

**NO** ☐ ▶ Go to question **21**. **YES** ☐ ▼ Read below.

**Question** How do you know if your annuity or pension qualifies for a tax offset?

**Answer** Your superannuation pension or annuity statement or original superannuation fund documents will tell you if your pension or annuity qualifies for a tax offset. Your statement or documents will show you how much of your annuity or pension is eligible for the tax offset. If you cannot find your documents or are not sure whether you can claim a tax offset, contact your superannuation provider.

Before working out your Australian annuity or pension tax offset, you will need:

- to find out the **rebatable proportion***—this will be 1 unless you are issued with a reasonable benefit limit (RBL) determination stating otherwise. Ring the superannuation helpline on **13 1020** if you need assistance
- any deductible amount from item **13** on your tax return.

* The **rebatable proportion** 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 pension or annuity. The rebatable proportion is determined by the Australian Taxation Office by measuring your pension or annuity against your RBL.

### How to work out your pension or annuity tax offset

(a) Work through steps 1 to 4 if:
- you were 55 years of age before 1 July 2000 or
- you turned 55 on or after 1 July 2000 and your pension started on or after your 55th birthday or
- you are receiving a death or disability pension at any age.

(b) Work through steps 5 to 13 if:
- you turned 55 on or after 1 July 2000 and your pension started before your 55th birthday.

## Completing this question

**Step 1** *Take away* any deductible amount at item **13** from that part of your annuity or pension which is eligible for the tax offset.

**Step 2** *Multiply* the answer from step 1 by the rebatable proportion of your pension or annuity.

**Step 3** *Work out* 15 per cent of the answer you got at step 2. This is your tax offset.

**Step 4** *Write* your annuity or pension tax offset at **S** item **20** on your tax return. Do not show cents. Your tax return will already have the correct code printed in the code box at item **20**.

Read the example on the next page if you are in one of the categories described at (a) on page 58.

**Step 5** *Work out* the amount of your annuity or pension that was paid to you on or after your 55th birthday.

**Step 6** *Work out* the number of days from your 55th birthday to 30 June 2001.

**Step 7** *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 8** *Divide* the number of days at step 6 by the number of days at step 7.

**Step 9** *Multiply* any deductible amount from item **13** by the answer you got at step 8.

**Step 10** *Take away* the answer you got at step 9 from the answer at step 5.

**Step 11** *Multiply* the answer you got at step 10 by the rebatable proportion of your pension or annuity. This proportion will be 1 unless you are issued with an RBL determination stating otherwise.

**Step 12** *Work out* 15 per cent of the answer you got at step 11. This is your pension or annuity tax offset.

**Step 13** *Write* your pension or annuity tax offset at **S** item **20** on your tax return. Do not show cents. Your tax return will already have the correct code printed in the code box at item **20**.

**Example**

Harry, who turned 55 on 28 March 2000, received a $17 300 annuity which had a deductible amount of $12 000 in 2000–01.

Harry used the following calculation to work out his rebate:

| | |
|---|---|
| Amount of his annuity | $17 300 |
| Less his deductible amount | $12 000 |
| Equals | $ 5 300 |
| Multiplied by the rebatable proportion—in Harry's case 1—equals | $ 5 300 |
| Multiplied by 15% (15/100) | |
| Equals | $ 795 |

Harry fills in item **20** on his tax return like this:

**20 Superannuation annuity and pension** S ,795.00 A

# Question 21 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?

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.

**NO** ☐ ▶ Go to question **22**. **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 question **22**.

**Question** What is the 30% private health insurance rebate?

**Answer** 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.

If you received your **full entitlement** from your health fund or Medicare you cannot claim the rebate in your tax return.

**Question** Are you eligible for the 30% private health insurance rebate?

**Answer** 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. If 2 people made payments for the same policy—for example, you made payments from a joint bank account—each person can claim a proportion of the rebate.

**Question** **How does the rebate work?**

**Answer** 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 1998–9 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 at page 66.

**Question** **Did you receive a private health insurance statement from your health fund?**

**Answer** 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 premiums you paid, you can work out your entitlement from the steps below.

## Completing this question

To complete this question 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 2.

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. *Go to* question **22**.

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. *Go to* WORKSHEET 1.

- a person was eligible to apply for registration under the old incentive scheme, you may have 2 amounts at **G**—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 | (b) | $ |
| *Take* (b) away from (a). | (c) | $ |

If (c) is '**0**' or a negative amount you have already received your full entitlement. *Go to* question **22**.

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 3.

**Step 2** If you do not have a statement you need to use WORKSHEETS 2 and 3 to help you calculate your tax offset entitlement.

*Go to* WORKSHEET 2.

| **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 | (i) | $ |
| *Take* (i) away from (h). Round the figure 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—as explained on page 66—the amount at (j) is what you are entitled to claim. *Go to* step 3.

If a person was eligible to apply for registration under the old incentive scheme you should complete WORKSHEET 3 to find out if the rebate that would have been available under the old incentive scheme is higher than the amount at (j).

**WORKSHEET 3—CALCULATING THE REBATE UNDER THE OLD INCENTIVE SCHEME**

Use the table below to work out your 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 from the table above. | (k) | $ |
| *Multiply* (k) by the number of days the premium provided this type of cover.* | (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* the figure up to the nearest dollar. | (o) | $ |

* The number of days that you are showing here relates to the length of your 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 3.

**Step 3** *Write* at **G** item **21** on your tax return the amount of tax offset that you are eligible to claim. *Go to* step 4.

**Step 4** *Print* your policy details at **Private health insurance policy details** on page 3 of your tax return—see page 71 for how to complete these details.

Examples of how to work out your tax offset entitlement:

**Example 1**

Yvonne and Kevin had a policy which provided combined hospital and ancillary cover. They paid the premium fortnightly from a joint account. They did not receive a statement from their private health fund.

Yvonne and Kevin did not receive a reduced premium or any cash or cheque rebate from Medicare.

They did not have any private health insurance cover before 1 January 1999 and so were not eligible to apply for registration under the old incentive scheme.

Yvonne and Kevin use WORKSHEET 2 to calculate their rebate. They do not use WORKSHEET 3 because they were not eligible to apply for registration under the old incentive scheme.

**Example 2**

Alf took out a couple policy for combined hospital and ancillary cover for himself and his wife Nan from 1 July 1998. The annual premium was $760. He renewed the policy on 1 July 2000. On 15 June 2001 Nan died. On 16 June 2001 Alf changed the policy to a single policy.

Alf satisfies all of the eligibility tests for the old incentive scheme. However, he did not register for the scheme or receive a reduced premium or any cash or cheque rebate from Medicare.

Alf used WORKSHEET 2 to work out the 30% rebate that he can claim, which is $228—$760 multiplied by 30 then divided by 100.

Because he was eligible to apply for registration under the old incentive scheme he also needs to use WORKSHEET 3.

Using the MAXIMUM ANNUAL REBATE AMOUNT—OLD INCENTIVE SCHEME table Alf worked out what his rebate entitlement would have been for the time that he had a couple policy—1 July 2000 to 15 June 2001 (350 days)—and when he had a single policy—16 June to 30 June 2001 (15 days).

During the time he had a couple policy, Alf's rebate entitlement under the old incentive scheme would have been $239.73. For his single policy his rebate entitlement would have been $5.14. This gives Alf a total of $244.87.

Alf would receive a greater benefit under the old incentive scheme compared to the 30% rebate.

Alf fills in item **21** on his tax return like this:

**21 30% private health insurance** — Amount of refundable tax offset—not contributions **G** ,245.00

You must complete **Private health insurance policy details** below.

Alf also completes **Private health insurance policy details** on page 3 of his tax return.

### The old incentive scheme

If the private health insurance policy is one that was in existence during the 1998–9 income year and, before 1 January 1999, a person was registered or eligible to apply for registration under the private health insurance incentive scheme that operated until that date—the old incentive scheme—you may be entitled to a larger tax offset than one based on 30% of the premiums you paid this income year. If the policy qualifies, you are entitled to compare the rebate that would have been available if the old incentive scheme was still operating with the present tax offset based on 30% of premiums paid and claim the higher amount.

Any person covered by the policy could have registered, or been eligible to register, under the old incentive scheme if the private health insurance policy was one:

- that was in existence before 1 January 1999 and provided appropriate private health insurance cover for the 1998–9 income year and
- where the annual premium for the 1998–9 income year was above the minimum premium threshold amount (see table below) and
- where certain income tests were satisfied for the 1998–9 income year.

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 the 1998–9 income year 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 |

### Income tests

**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 1998–9, the income test was satisfied if your 1998–9 taxable income was less than $35 000.

If you did have a spouse at any time in 1998–9, the income test was satisfied if **combined taxable income*** for 1998–9 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 1998–9 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 1998–9 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 1998–9 was less than $70 000
- cover for 2 or more dependent children only. The income test was satisfied if **combined taxable income*** for 1998–9 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 1998–9 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**

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 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.

If the above conditions were satisfied, the private health insurance policy is a policy under which a person was registered, or eligible to be registered, to obtain the benefits of the old incentive scheme. In these circumstances you can compare the rebate that would have been available under the old incentive scheme if it was still operating—see worksheet 3—with the present tax offset based on 30% of the premium you paid—see worksheet 2—and claim the higher amount.

# Question 22 20% TAX OFFSET ON NET MEDICAL EXPENSES OVER $1250



## Did you have net medical expenses over $1250 in 2000–01?

Medical expenses do not include contributions to a private health fund, travel or accommodation expenses associated with medical treatment or inoculations for overseas travel.

If you paid medical expenses for a dependant other than a spouse use *TaxPack 2001*. **You cannot complete your tax return using *TaxPack 2001 for retirees.***

**NO** ☐ ▶ Go to question **23**. **YES** ☐ ▼ Read below.

**Question** What are net medical expenses?

**Answer** Net medical expenses are medical expenses you have paid less any refunds you received, or are entitled to receive, from Medicare or a private health fund.

The medical expenses can be for:
- you
- your spouse—married or de facto—regardless of their income.

You and your spouse must be Australian residents for tax purposes.

### What you can claim

You can claim a tax offset of 20 per cent—20 cents in the dollar—of your net medical expenses over $1250. There is no upper limit on the amount you can claim.

You can claim medical expenses paid while travelling overseas.

You can claim expenses relating to an illness or operation paid to **legally qualified** doctors, nurses or chemists and public or private hospitals.

Medical expenses which qualify for the tax offset include payments for:
- dentists, orthodontists or registered dental mechanics, opticians or optometrists
- a carer who looks after a person who is blind or permanently confined to a bed or wheelchair
- therapeutic treatment at the direction of a doctor
- medical aids prescribed by a doctor
- artificial limbs or eyes and hearing aids
- keeping a trained guide dog
- cosmetic surgery.

Expenses which **do not** qualify for the tax offset include payments made for:

- inoculations for overseas travel
- non-prescribed vitamins or health foods
- travel or accommodation expenses associated with medical treatment
- chemist type items such as tablets for pain relief purchased at retail outlets or health food stores
- therapeutic treatment if the patient is not formally referred by a doctor—a mere suggestion or recommendation by a doctor to a patient is not enough; the patient must be referred to a particular person for specific treatment
- contributions to a private health fund
- purchases from a chemist that are not related to an illness or operation
- ambulance charges and subscriptions
- funeral expenses.

**Nursing Home Expenses**

You can also claim some payments made to a nursing home or hostel—not a retirement home. Since 1 October 1997, payments made to an **approved care provider** for care received by an **approved recipient** of residential aged care qualify for the net medical expenses tax offset. If the care recipient has been assessed as needing care at levels 1 to 7 by an aged care assessment team, payments towards residential aged care qualify for the tax offset. If the care recipient does not meet this requirement, but is subsequently reassessed as satisfying it, they would be able to claim a tax offset for qualifying payments made from the date the new classification took effect.

If you are not sure which level of care you (or the care recipient you are claiming an expense for) have been assessed as requiring, please contact the nursing home or hostel.

The tax offset does not cover payments made for aged care by:

- people who were residents of a hostel before 1 October 1997 and who did not have a personal care subsidy or a respite care subsidy paid on their behalf at the personal care subsidy rate by the Commonwealth (unless they have subsequently been reassessed as requiring care at levels 1 to 7), or
- people entering aged care on and from 1 October 1997 who have been assessed as requiring level 8 care.

Residential aged care expenses which qualify for the tax offset include:

- daily fees
- income tested daily fees
- extra service fees
- accommodation charges, periodic payments of accommodation bonds or amounts drawn from accommodation bonds paid as a lump sum.

Payments which **do not** qualify for the tax offset include:

- lump sum payments of accommodation bonds
- interest derived by care providers from the investment of accommodation bonds.

## Completing this question

**Step 1** *Add up* all your allowable medical expenses. *Take away* from this total all of the refunds you have received or are entitled to receive. This will give you your net medical expenses.

**Step 2** *Take* $1250 away from your net medical expenses and then *divide* the remaining amount by 5 to get 20 per cent. This is your medical expenses tax offset.

**Step 3** *Write* your medical expenses tax offset at **X** item **22** on your tax return. Do not show cents.

**Example**

Terry had a lot of dental work done this year and also bought new prescription glasses. His total medical costs were $1850 and he received $500 back from Health Fund.

Terry worked out his medical expenses like this:

| | |
|---|---|
| Total medical expenses | $1850 |
| *Less* costs covered by Health Fund | $ 500 |
| Net medical expenses | $1350 |
| *Subtract* $1250 | $1250 |
| | $ 100 |
| Tax offset equals 20 cents for every dollar over $1250—*divide* $100 by 5 | $ 20 |

This is Terry's medical expenses tax offset.

Terry fills in item **22** on his tax return like this:

| | | |
|---|---|---|
| **22** | **20% tax offset on net medical expenses over $1250** | **X** 20.~~00~~ |

# Question 23 TOTAL TAX OFFSETS

**Did you claim any tax offsets at items 18 to 22?**

**NO** ☐ ▶ Go to question **24**. **YES** ☐ ▼ Read below.

*Add up* all the tax offset amounts at items **18** to **22** on your tax return. If you are claiming the low income aged person tax offset at item **19** the Australian Taxation Office (ATO) will make sure your assessment includes your correct tax offset amount. Do not include this amount in item **23 TOTAL TAX OFFSETS**.

*Write* the total amount at item **23 TOTAL TAX OFFSETS**. Do not show cents.

### Low income tax offset

If 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.

The ATO 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.**

**Note:** With the exception of the 30% private health insurance rebate and the franking tax offset (which applies to imputation credits on dividends paid to you on or after 1 July 2000), tax offsets can only reduce the amount of tax you pay to zero. If your tax offsets—other than the 30% private health insurance rebate and the franking tax offset—exceed your tax payable, the excess does not become a refund.

# PRIVATE HEALTH INSURANCE POLICY DETAILS — COMPLETING THIS ITEM

If question **21** asked you to complete this item, or you made premium payments towards private health insurance to a registered fund, you must complete **Private health insurance policy details** on page 3 of your tax return.

Question **25** 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 because your employer paid the premium for you, contact your fund or speak to the person who paid the premium.

### How to complete Private health insurance policy details

**Step 1** *Print* the identification (ID) code of your health fund at **B** **Health fund ID** on page 3 of your tax return.

**Step 2** *Write* 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** |

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.

**Question** **Did you have more than one policy during the year?**

**Answer** 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* on page 6 of your tax return. *Sign* and *attach* your schedule to page 3 of your tax return.

**Example**

Pat had a policy with Credicare Health Fund which provided hospital cover. During the year he changed his policy to include ancillary cover. His membership number is 1234567.

Pat fills in **Private health insurance policy details** on his tax return like this:

## Private health insurance policy details

Page 71–2 in *TaxPack 2001 for retirees* will help you to correctly fill in your details.

You must provide the details for each policy if item **21** or **25** asked you to complete this section.

| Health fund ID | Membership number | Type of cover |
|---|---|---|
| B CPS | C 1234567 | C |
| B | C | |
| B | C | |
| B | C | |
| B | C | |

# Question 24 MEDICARE LEVY REDUCTION OR EXEMPTION

## Were you a low income earner or in one of the Medicare levy reduction or exemption categories listed below?

If you:

- were a resident of Norfolk Island or
- have a certificate from the Levy Exemption Certification Unit of the Health Insurance Commission showing that you are not entitled to Medicare benefits

use *TaxPack 2001*. **You cannot complete your tax return using *TaxPack 2001 for retirees*.**

**NO** ☐ Go to question **25**. **YES** ☐ Read below.

**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 item **17 TAXABLE INCOME** on your tax return.

### Medicare levy exemption categories

If 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 or
- are a blind pensioner or received the sickness allowance from Centrelink

you may be exempt or partially exempt from paying the Medicare levy. *Read on* for more information.

The Department of Veterans' Affairs or Centrelink will provide you with a statement or *PAYG payment summary—individual non business* that shows you the number of days you were in a Medicare levy exemption category.

### Low income earner and Medicare levy reduction categories

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
- your taxable income was more than $13 807 but less than $14 927. Your Medicare levy is reduced—calculated at 20 cents for every dollar above $13 807 but below $14 927
- you had a spouse—married or de facto—on 30 June 2001—or your spouse died during 2000–01—and the combined taxable income of you and your spouse was more than $23 299 but less than $25 189. Your Medicare levy is reduced. *Complete* **Spouse details—married or de facto** on page 5 of your tax return. Provide relevant details including your spouse's taxable income at **O**. If your spouse had no taxable income *write* '**0**'. You must also complete **Your spouse's name** on page 1 of your tax return.

Do not write anything at item **24**. We will work out how much Medicare levy you have to pay. *Go to* question **25**.

## Completing this question

**Step 1** You qualify for a full levy exemption if you were in one of the Medicare levy exemption categories on the previous page **and either** you did not have a spouse, **or** your spouse was in an exemption category also, **or** your spouse had to pay the Medicare levy. If this is the case *go to* step 2. Otherwise *go to* step 3.

**Step 2** *Write* at **V** item **24** on your tax return the total number of days that you were in the full Medicare levy exemption category. If the number of days you wrote at **V** is less than 365, and you were in one of the exemption categories on the previous page, you may qualify for a half levy exemption. *Go to* step 3.

**Example 1**

Reg receives a Department of Veterans' Affairs part pension. His *PAYG payment summary—individual non business* shows that he was in a Medicare levy exemption category for the full year—365 days. Reg does not have a spouse.

Reg fills in item **24** on his tax return like this:

**24 Medicare levy reduction or exemption**

***Exemption categories***

| | | |
|---|---|---|
| Full 1.5% levy exemption—number of days | V | 365 |
| Half 1.5% levy exemption—number of days | W | |

**Step 3** You qualify for a half levy exemption if you were in one of the Medicare levy exemption categories on the previous page and you had a spouse who was not in an exemption category and who did not have to pay the Medicare levy because of the low income earner threshold. If this is the case *go to* step 4. Otherwise *go to* step 5.

**Step 4** *Write* at **W** item **24** the total number of days that you are entitled to a half levy exemption from paying the Medicare levy. *Go to* step 5.

**Example 2**

Tina is blind and receives an age pension. With her payment summary she received a statement showing that she was in a Medicare levy exemption category for 310 days. Tina's husband did not have to pay the Medicare levy because his taxable income was below $13 807.

Tina fills in item **24** on her tax return like this:

**24 Medicare levy reduction or exemption**

***Exemption categories***

| | | |
|---|---|---|
| Full 1.5% levy exemption—number of days | V | |
| Half 1.5% levy exemption—number of days | W | 310 |

**Step 5** If you had a spouse at any time during 2000–01, complete **Spouse details—married or de facto** on page 5 of your tax return. Write your spouse's taxable income at **O**. If your spouse had no taxable income write '**0**'. You must also complete **Your spouse's name** on page 1 of your tax return.

# Question 25

**STOP THIS QUESTION IS COMPULSORY FOR ALL TAXPAYERS**

## MEDICARE LEVY SURCHARGE



**For the WHOLE of 2000–01 did you and your spouse—married or de facto (if you had one)—have private patient hospital cover?**

**NO** ☐ Print **X** in the **NO** box at the right of E item **25** on your tax return. Read below.

**YES** ☐ Print **X** in the **YES** box at the right of E item **25** on your tax return. Make sure you have completed **Private health insurance policy details**—see page 71 for assistance.
Go to **Check that your tax return is complete on page 82.**

**For the WHOLE of 2000–01 were you:**

- **a single person and your taxable income for Medicare levy surcharge purposes was $50 000 or less OR**
- **married—including a de facto relationship—with no dependent children and the combined taxable income for Medicare levy surcharge purposes of you and your spouse was $100 000 or less?**

**NO** ☐ You may have to pay the surcharge. Print **X** in the relevant **NO** box at item **25** 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 **25** on your tax return.
Go to **Completing this question** on page 80.

If you maintained a child under 16 years of age or a full-time student under 25 or if you have received an amount on which family trust distribution tax has been paid use *TaxPack 2001*. **You cannot complete your tax return using *TaxPack 2001 for retirees*.**

**Question** What is the Medicare levy surcharge?

**Answer** Individuals and couples 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 such cover.

The Medicare levy surcharge is in addition to the 1.5 per cent Medicare levy.

**Question** **What is private patient hospital cover?**

**Answer** Generally, private patient hospital cover 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 annual front-end deductibles or excess taken out before 24 May 2000 that cease to provide continuous cover after that date. A co-payment, 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 MLS purposes. Private patient hospital cover does not include cover provided by an overseas or unregistered fund.

**Question** **What is ancillary cover?**

**Answer** 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.

**Question** **When do you have a spouse?**

**Answer** A spouse is a person to whom you are legally or de facto married but you are treated as not being married if you are living separately and apart from that person.

**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 2000–01 and you retain the benefit of the surcharge threshold of $100 000.

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.

**Question** **What is your taxable income for Medicare levy surcharge (MLS) purposes?**

**Answer** Your taxable income for MLS purposes is the total of:

- your taxable income, shown at item **17** on your tax return AND
- your total reportable fringe benefits amounts at **W** item **6** on your tax return.

**Question** **Will you have to pay the surcharge?**

**Answer** You will have to pay the surcharge for any period that you or your spouse—if you had one—did NOT have private patient hospital cover during 2000–01 AND you were:

- single with a taxable income for Medicare levy surcharge (MLS) purposes greater than $50 000 OR
- married and the combined taxable income for MLS purposes of you and your spouse was above $100 000.

If the combined taxable income for MLS purposes of you and your spouse was above $100 000 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 married surcharge thresholds will apply to you at different periods during 2000–01.

If only one of the thresholds—single or married—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 80.
- your taxable income or combined taxable income for MLS purposes exceeded the relevant threshold and you are not in one of the exemption categories on page 74 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 80. Otherwise, *read on.*

**Question** **Which income threshold do you use if you had a new spouse or separated from your spouse during the year?**

**Answer** Only read this section if you married or separated from your spouse during 2000–01.

To work out if you are liable for the surcharge during any period you were single apply the single surcharge threshold—$50 000—to your own taxable income for MLS purposes.

To work out if you are liable for the surcharge during any period of 2000–01 you had a spouse apply the married threshold—$100 000—to your own taxable income for MLS purposes.

**Example 1**

Mary separated from Michael on 12 October 2000 and both stayed single. For 2000–01, Michael's taxable income for MLS purposes was $12 000 and Mary's taxable income for MLS purposes was $51 000. Mary and Michael did not have private patient hospital cover at any time during 2000–01. Mary and Michael are not in a Medicare levy exemption category.

As they were married for the period 1 July 2000 to 12 October 2000—104 days—they are each entitled to a surcharge threshold of $100 000 for this period. For the period 1 July 2000 to 12 October 2000, Mary is not liable for the surcharge as her taxable income for MLS purposes of $51 000 was under this surcharge threshold. Michael is also not liable for the surcharge for this period as his taxable income for MLS purposes of $12 000 was also under this 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, Michael is not liable for the surcharge because he had a taxable income for MLS purposes of $12 000.

Michael will write 365 at A item **25** on his tax return.

Mary 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 $51 000.

Mary will write the number of days in 2000–01 that she is NOT liable for the surcharge—104—at A item **25**.

**Question** **What if you are exempt from the Medicare levy?**

**Answer** Only read this section if you were exempt or partially exempt from the Medicare levy at any time during 2000–01. For more information on the exemption categories for the Medicare levy, read page 74.

If you were in an exemption category for the whole of 2000–01 and you did not have a spouse; or if you had a spouse and they were also in an exemption category and/or they 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 80.

If the taxable income for MLS purposes of you and your spouse—if you had one—was above the relevant 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
- your spouse was not in an exemption category and did not have private patient hospital cover.

**Question** What if you had private patient hospital cover for only part of the year?

**Answer** Only read this section if you had private patient hospital cover for part of the year.

If you and your spouse—if you had one—were not in a Medicare levy exemption category at any time during 2000–01 and your taxable income or combined taxable income for Medicare levy surcharge (MLS) purposes was above the relevant threshold, you are liable for the surcharge for the number of days you or your spouse did not have private patient hospital cover during 2000–01. *Go to* **Completing this question**.

**Example 2**

Gerald is not married and has a taxable income for MLS purposes of $59 000. He was not in a Medicare levy exemption category at any time during the year.

Gerald took out private patient hospital cover on 15 December 2000.

Because Gerald's taxable income is 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 the MLS for the part of the year that he did not have private patient hospital cover.

Gerald 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.

Gerald will write the number of days in 2000–01 that he is NOT liable for the surcharge—198—at **A** item **25** on his tax return and complete **Private health insurance policy details**.

## Completing this question

**Step 1** *Write* the number of days during 2000–01 that you do NOT have to pay the surcharge at **A** item **25**.

- 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**.

**Step 2** If you had a spouse during 2000–01 and you and your spouse were not covered by private patient hospital cover for the full year, *complete* **Spouse details—married or de facto** on page 5 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 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 3** If you had private patient hospital cover at any time during the year you must complete **Private health insurance policy details** on page 3 of your tax return—see page 71.

You have now completed this question. *Go to* **Check that your tax return is complete** on the next page.

### DO YOU WANT TO WORK OUT YOUR SURCHARGE?

You do not have to work out your Medicare levy surcharge. We will work it out based on the information you provide. If you would like to work it out for your records, see page 89.

* If you cannot find out your spouse's exact taxable income for Medicare levy surcharge (MLS) purposes, you may make a reasonable estimate. *Print* SCHEDULE OF ADDITIONAL INFORMATION—QUESTION 25 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* on page 6 of your tax return. *Sign* and *attach* your schedule to page 3 of your tax return.

INFORMATION

# Check that your tax return is complete

Use this checklist to make sure your tax return is complete before you lodge it with the Australian Taxation Office (ATO). Please use the envelope provided with your *TaxPack 2001 for retirees* to lodge your tax return. If you don't have an envelope see page 90 for where to lodge your tax return.

## CHECK THAT YOU HAVE

- ◯ read page 2 to confirm that you are eligible to use *TaxPack 2001 for retirees*
- ◯ 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
- ◯ written totals at items **5**, **9**, **16**, **17** and **23**
- ◯ filled in the small boxes at items **1** and **19**
- ◯ attached to page 3 of your tax return copies of:
  - *PAYG payment summary—individual non business*—for example, from Centrelink, superannuation funds, payers
  - all letters or statements from your payer that detail income and tax withheld
  - any statutory declarations required
  - other attachments as instructed by any section or question
- ◯ completed item **25** of your tax return—all taxpayers must answer this question
- ◯ completed **Spouse details—married or de facto** (if applicable)
- ◯ read, completed, **signed** and dated the *Taxpayer's declaration* on your tax return
- ◯ kept copies of your tax return, all attachments and relevant papers for your own records. Unless you are subject to a shorter period of review (see page 6) you are required to keep written evidence for 5 years after the end of the income year.

If you are subject to a shorter period of review you need to keep these records:

- 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.

### When can you expect your assessment?

**Our current standard for processing tax returns is 6 weeks. To allow for time in the mail, please wait 7 weeks. After that time you can ring 13 2863 to check on our progress with your tax return.**

# How your tax is worked out

| | |
|---|---|
| **Income** | *TaxPack 2001 for retirees* questions **1** to **8** help you to work out what income you need to declare for tax purposes. You show your total income at item **9 TOTAL INCOME** on your tax return. |
| **MINUS** | |
| **Allowable deductions** | *TaxPack 2001 for retirees* questions **10** to **15** help you to claim your deductions. You show your total deductions at item **16 TOTAL DEDUCTIONS** on your tax return. |
| **EQUALS** | |
| **Taxable income** | You show your taxable income at item **17 TAXABLE INCOME** on your tax return. |
| **Tax on taxable income** | This amount is based on your taxable income after taking account of your tax-free threshold. The information you provide in your tax return lets us work out your tax on taxable income. Page 85 shows you how to work this out, if you want to. |
| **MINUS** | |
| **Tax offsets** | *TaxPack 2001 for retirees* questions **18** to **22** help you to work out your tax offsets. You show your total tax offsets at item **23 TOTAL TAX OFFSETS** on your tax return. |
| **EQUALS** | Generally tax offsets can only reduce the amount of tax you pay to zero. The 30% private health insurance tax offset—see question **21**—and the franking tax offset (your imputation credit from question **8**) are exceptions. Any amounts shown at item **21** and at **U** item 8 should be included in the amount for **Tax credits and refundable tax offsets** below. If you are entitled to a low income, pensioner or low income aged person tax offset, we work it out for you. |
| **Net tax payable** | |
| **PLUS** | |
| **Any HECS and SFSS liability** | If you have to repay a Higher Education Contribution Scheme (HECS) debt or Student Financial Supplement Scheme (SFSS) debt, we work out your repayment. |
| **PLUS** | |
| **Medicare levy and surcharge** | *TaxPack 2001 for retirees* question **24** tells you if you are exempt from some or all of the Medicare levy. If you are not exempt page 88 shows you how to work out your Medicare levy if you want to. Question **25** tells you if you are liable for a Medicare levy surcharge. Page 89 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 **21, any franking tax offset (your imputation credit from U item 8)** and any amounts of tax you paid during the year—including any amounts withheld by your payer for income tax, 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. These amounts will appear on your notice of assessment as 'Other amounts payable'. |

INFORMATION

# Working out your tax refund or tax debt

The following steps will show you how to work out your refund or how much tax you will have to pay. But before you begin to complete this table, read pages 85–9.

**Step 1** First, *transfer* the amount of tax you work out in part A on page 85.

**Tax on your taxable income**

**Step 2** Next, *work out* the tax offsets available to you.

**Total tax offsets claimed on page 3 of your tax return**—do not include your 30% private health insurance tax offset—this is shown at step 6

**Low income tax offset**—from part B on page 86

**Pensioner or low income aged person tax offset**—from part C on page 86–7

**Total of step 2 tax offsets**

**Step 3** Now *work out* your tax payable.

**Tax payable**—*take the total amount of tax offsets at step 2 away from the tax on taxable income at step 1. If the result is less than zero write '**0**' here.*

**Step 4** *Transfer* any Medicare levy or Medicare levy surcharge amounts that are payable.

**Medicare levy**—from part D on page 88

**Medicare levy surcharge**—from part E on page 89

**Total of step 4 amounts**

**Step 5** Now *work out* the total tax payable for the year.

**Total tax payable**—*add step 3 amount and step 4 total amount*

**Step 6** *Add up* all the credits and the refundable tax offsets available to you.

**Pay As You Go (PAYG) instalments**

**Total credits from payment summaries**—amount at:
**$** **TOTAL TAX WITHHELD** item **5** on your tax return

**Credits from tax file number amounts**—amounts at:
**M** item **7** on your tax return
**V** item **8** on your tax return

**30% private health insurance tax offset**—amount at:
**G** item **21** on your tax return

**Franking tax offset (imputation credit)**—amount at:
**U** item **8** on your tax return

**Total of all step 6 amounts**

**Step 7** *Work out* the net tax payable.

**Net tax payable**—*take the total amount of credit at step 6 away from total tax payable at step 5*

If this amount is negative—less than zero—this is the amount of refund due to you—excluding any other tax debts. If this amount is positive—more than zero—this is the amount of tax you have to pay.

# What you need to know before you can work 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 on your tax return and advise you of the result on 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, however, 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 2001 for retirees*.

These are situations where you:
- are entitled to use your spouse's unused pensioner or low income aged person rebate
- are entitled to a Medicare levy reduction because the combined taxable income of you and your spouse is more than $23 299 but less than $25 189
- have a Higher Education Contribution Scheme debt
- have a Student Financial Supplement Scheme repayment amount.

### Working out your tax refund or tax debt

To do this you need to work out:
- the tax on your taxable income—part A
- your low income tax offset, if any—part B
- your pensioner or low income aged person tax offset, if any—part C
- your Medicare levy amount, if any—part D
- your Medicare levy surcharge amount, if any—part E.

## PART A—Tax on taxable income

To work out the tax on your taxable income use the table below.

### TAX RATES

| *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 | $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 it at (b) and (c).

Tax on: $6000 is nil
$20 000 is $2380
$50 000 is $11 380
$60 000 is $15 380

### Example

| | | | |
|---|---|---|---|
| Copy taxable income from item **17 TAXABLE INCOME** 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) | | |
| *Multiply* (d) by tax rate. | $ 0.30 | = | $1 704.60 (e) |
| **Tax on your taxable income** Add (c) and (e) | | = | $4 084.60 |

*Go to* WORKING OUT YOUR TAX.

### WORKING OUT YOUR TAX—CALCULATE YOUR TAX HERE

| | | | |
|---|---|---|---|
| Copy taxable income from item **17 TAXABLE INCOME** 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) | | |
| *Multiply* (d) by tax rate. | $ | = | $ (e) |
| **Tax on your taxable income** Add (c) and (e) | | = | $ |

Now *go to* PART B.

## PART B—Low income tax offset

If your taxable income is $24 450 or more, you are not entitled to the tax offset. *Go to* part C.

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 | (a) | $ 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 84.

Do not write the amount at (g) anywhere on your tax return. We will work out your low income taxpayer tax offset and make sure it reduces your tax.

## PART C—Pensioner or low income aged person tax offset (from question 1 or 19)

If you want to work out your tax offset, you need to know your taxable income. This is the amount at item **17 TAXABLE INCOME** on page 2 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.

Please refer to note **2** below the TAX OFFSET THRESHOLDS table on the next page 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 on the next page. This is the code letter you showed at either item **1** if you are a pensioner or item **19** 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 on the next page.

## 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
- you used S, Q, I or J and your pension is more than $10 258
- 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). | (f) | $ |
| | | **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.**

## PART D—Medicare levy

You do not pay any Medicare levy if your taxable income is $13 807 or less.

### How to work out your basic levy

**Step 1** 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 a reduction or exemption at question **24**? 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** How much of your basic levy at step 1 do you pay?

| **FULL EXEMPTION** | | |
|---|---|---|
| Number of days at **V** item **24** on your tax return, if any | (a) | |
| Basic levy at step 1 | (b) | $ |
| *Multiply* (a) by (b). | (c) | $ |
| *Divide* (c) by 365. | (d) | $ |

| **HALF EXEMPTION** | | |
|---|---|---|
| Number of days at **W** item **24** on your tax return, if any | (e) | |
| Basic levy at step 1 | (f) | $ |
| *Multiply* (e) by (f). | (g) | $ |
| *Divide* (g) by 365. | (h) | $ |
| *Divide* (h) by 2. | (i) | $ |

| **YOUR EXEMPTION AMOUNT** | | |
|---|---|---|
| *Add* (d) to (i) to get your exemption amount. | (j) | $ |

The amount of Medicare levy you pay, if any, is your basic levy at step 1 less any exemption amount at (j).

## PART E—Medicare levy surcharge

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 item **17 TAXABLE INCOME** on your tax return | (a) | $ |
| *Add* to (a) any total reportable fringe benefits amounts shown at item **6** on your tax return. | (b) | $ |
| *Divide* (b) by 100 to get 1 per cent. | (c) | $ |

If you have to pay the surcharge for the WHOLE year, the amount you have to pay is (c). If you have to pay the surcharge for PART of the year, continue with the steps below.

| | | |
|---|---|---|
| Number of days at **A** item **25** on your tax return | (d) | |
| *Take* (d) away from 365. | (e) | |
| *Multiply* (c) by (e). | (f) | |
| *Divide* (f) by 365. | (g) | $ |

The amount of the surcharge you have to pay is (g).

# 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 2001 for retirees*. 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 for your 2001 non-lodgment advice.** You must send other correspondence to Australian Taxation Office (ATO) locations listed on page 98.

If you did not receive an envelope with your copy of *TaxPack 2001 for retirees*, or you have misplaced it, please post your tax return in a business size envelope to:

**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 a postcode.**

**You cannot lodge your return through the *TAXPACKEXPRESS* service using *TaxPack 2001 for retirees*.** If you want to lodge your tax return electronically using *e-tax* or through the ***TAXPACKEXPRESS*** service at a post office or at the office of a participating registered tax agent, use *TaxPack 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 or send a written request to the address that appeared on your 2000 notice of assessment or your nearest tax office—addresses are listed on page 98. Explain why you need to lodge late and suggest another date. We will consider your request and reply in writing. The following explanations will not normally be accepted as reasons for allowing a late lodgment: a delay in receiving your payment summary, losing your payment summary or being absent from Australia.

If you have not received your payment summary or you have lost it, see **Late, lost or wrong payment summary** on page 21.

# What happens after you lodge your tax return?

Following processing, the Australian Taxation Office (ATO) will send you a notice of assessment. Your notice of assessment is an itemised account of the amount of tax the ATO has worked out you pay or the refund you are entitled to.

**What 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 ATO. To find out what information you need to include in your letter, read the section titled **What do you need to include in your amendment request or objection letter?** on page 94.

If you have lodged your *2001 tax return for retirees* 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 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 2001 for retirees* properly and have made an honest mistake (for example, you transposed an amount incorrectly onto 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 2001 for retirees* 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.**

## Self-assessment—it's your responsibility

Under our system of self-assessment the ATO prepares *TaxPack 2001 for retirees* 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 on 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.

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 authority.

# Enquiring about your notice of assessment

If you have an enquiry about your tax assessment, you can contact us.

### 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 ring on your behalf, you must provide written authorisation beforehand to the Australian Taxation Office (ATO). Your representative will need to quote this authorisation and also provide information to prove their identity.

This requirement is to protect your privacy.

### Telephone tips

If you are ringing the ATO, the following tips will help you to get a quicker and more efficient service.

- Avoid ringing during the busy times. The busiest times are Mondays, the days after public holidays and between 10 a.m. and 2 p.m. each day.
- Your call will be placed in a queue and answered by the first available operator—do not hang up. If you hang up and redial, you will be placed at the end of the queue.
- Have near the phone your TFN, *TaxPack 2001 for retirees* and any taxation documents you want to talk about. Have a pen and paper handy so you can take down any relevant information.
- Check that it is the ATO that you need to contact. The ATO logo—shown at left—will be prominently displayed on any official documents or letters you receive.

### 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.

### If you visit

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 on page 98. Bring along your most recent notice of assessment. If you do not have a notice of assessment, bring along your TFN or a letter from the ATO, and some identification that has your photograph, such as a drivers licence or passport.

If you want a representative to visit on your behalf, they must show the letter of authorisation and provide proof of their identity.

# When you receive your notice of assessment

When you receive your notice of assessment check it to make sure everything appears correct.

## If you get a refund

If you are to receive a refund, a cheque will accompany your notice of assessment. However, if you have chosen the electronic funds transfer (EFT) facility the refund will be credited to your nominated bank account.

## If you get a tax bill

Your notice of assessment will tell you how much you have to pay, when you must pay to avoid being charged a penalty for late payment, and how to pay your bill. The earliest due date for payment is 21 November 2001.

General interest charge (GIC) is imposed on any amount not paid by the due date. If you do not lodge your return on time, the law treats your tax payable as being due on 21 November 2001.

If you need more information, ring the cash management helpline on FREECALL **1800 815 886**.

**Note:** The Australian Taxation Office (ATO) does not accept payment by credit card.

If you cannot pay your tax debt on time, you should contact us via email at this address—**debtpayment@ato.gov.au**—or ring the debt collection helpline on **13 2550** and explain your reasons.

You may need to provide written details of your finances, 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. You may be given extra time, depending on your circumstances .

If you are allowed extra time to pay, you are required to pay GIC which is set according to market rates and is tax deductible in the income year that it was incurred. The law 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 on **13 2550** for further information.

## What if payment will cause you serious hardship?

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.

The Tax Relief Board will consider your application and decide whether to grant you a release. With some larger debts the board will refer your application to the Administrative Appeals Tribunal (AAT) before it considers your request. If this happens you may be asked to appear before the AAT. 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.

# What can you do if you think your assessment is wrong?

You can have your assessment checked. The quickest way to do this is to ring the Personal Tax Infoline on the inside back cover. Make sure you have carefully checked all the details on your notice of assessment. Remember to have your notice of assessment and, if possible, a copy of your tax return with you.

**What if you disagree with a decision relating to your assessment?**
You can write to the Australian Taxation Office (ATO) and object to your assessment. When you lodge an objection you have a formal right of appeal against the decision.

**What do you need to include in your amendment request or objection letter?**
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 and the year of the assessment
- include your name, address and, if convenient, give your daytime phone number so we can contact you to talk about your letter if necessary
- include full details of the amendment or objection including the tax return item number and description affected by the change, the amounts to be added or changed and details of the claim type—if applicable
- include an explanation of the error if it occurred because you made a mistake on your tax return
- use the word **object** if you are objecting and give full details of what you think is wrong
- if you believe the error was made by the ATO, use the words **Australian Taxation Office error** in your letter
- include a copy of your notice of assessment and copies of any relevant papers or documents such as receipts
- 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 amendment request or objection letter for your records.

**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. If your amendment or objection is successful, you are entitled to interest on any tax you have overpaid.

**What if you still disagree with your assessment?**
If you are not satisfied with our decision on your objection, you have the right to apply to the Administrative Appeals Tribunal, which incorporates the Small Taxation Claims Tribunal, for a review of the decision; or you can appeal to the Federal Court.

The Small Taxation Claims Tribunal is an inexpensive process for resolving disputes about objections. Details about whether this tribunal is an option for you will be attached to our decision about your objection.

Some decisions are not reviewable as outlined. If this applies to you, we will let you know and provide details of any alternative review rights.

# 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 contact number you have been given)
- if you are not satisfied, talk to the tax officer's manager
- if you are still not satisfied, ring the complaints line on **13 2870**. The complaints line is part of the Problem Resolution Service (PRS).

## The Problem Resolution Service

The 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 decisions or actions of the ATO, 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 first.

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.

# How is your privacy protected?

The Taxation Acts have secrecy provisions that prohibit any officer of the Australian Taxation Office (ATO) or any other government agency 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 1988* protects personal information held by Commonwealth of Australia government agencies. It also protects tax file numbers (TFNs), no matter who holds them.

**Who else can be given your tax information?**

The ATO can give your information to some other government agencies, such as Centrelink, 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 controlled by law. ATO officers can also disclose your information 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.

**Who can ask you for your TFN?**

Only certain people and organisations can ask you for your TFN. These include employers, some Commonwealth of Australia government agencies, trustees for superannuation funds, higher education institutions 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.

## 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 ring before you ask for information under the FOI Act. Ring the Personal Tax Infoline on the inside back cover.

**Please keep copies of your tax returns, as a request for a copy from the ATO may involve a charge.**

# *Taxpayers' Charter—an overview*

The *Taxpayers' Charter* (NAT 2547—7.99) 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* or the *Taxpayers' Charter Summary* (NAT 2548—7.99)—see the inside back cover.

## PUBLICATIONS

## PUBLICATIONS, TAXATION RULINGS, FORMS AND THE *TAXPAYERS' CHARTER*

**To get publications referred to in *TaxPack 2001 for retirees* you have 3 options:**

**Visit our Internet site—for publications 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 8.00 a.m. to at least 10.00 p.m. on weekdays and from 10.00 a.m. to 5.00 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 2001 for retirees*.

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 98 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 2001 for retirees* 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 8.00 a.m. and 6.00 p.m.

### 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 on **13 2861**.

### Superannuation

*TaxPack 2001 for retirees* questions **2**, **13**, **14**, and **20**.

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.

### Personal Tax Infoline

Our Personal Tax Infoline is for tax questions on topics other than those already described. Ring **13 2861** between 8.00 a.m. and 6.00 p.m. Please have your *TaxPack 2001 for retirees* handy when you ring. Tell the tax officer that you are using *TaxPack 2001 for retirees*.

### 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 is 6 weeks. To allow for time in the mail, please wait 7 weeks for tax returns before ringing. After that time you can ring **13 2863** between 8.00 a.m. and 6.00 p.m. to check on our progress with your tax return.

When you enquire about the progress of your tax return 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 for retirees* or *TaxDisk 2001 for retirees*—check the outside back cover for more information.

**You can find a list of ATO helpline numbers in your White Pages.**

www.ato.gov.au

**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 15 in *TaxPack 2001 for retirees* for more information—including the phone number to ring for Tax Help.

## ASSISTANCE FOR PEOPLE WHO CANNOT READ STANDARD PRINT

*TaxTape 2001 for retirees* and *TaxDisk 2001 for retirees* for people with a vision impairment are freely available through the Royal Blind Society.

To obtain a copy ring Freecall **1800 644 885**.